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CONTENTS

TERRORISM

TURKEY

- Terrorism Allegedly Continues in Turkey
(Andrew Borowiec; 8 DAYS, 27 Feb 82)..... 1

ENERGY ECONOMICS

INTERNATIONAL AFFAIRS

- EEC's Energy Situation for First-Half 1981
(RASSEGNA PETROLIFERA, 15 Jan 82)..... 3

- Priority Objectives of EEC's Energy Sector
(STAFFETTA QUOTIDIANA PETROLIFERA, 18 Jan 82)..... 9

GREECE

- Briefs
Moscow Gas Talks..... 16

ITALY

- Objectives, Strategies, Plans of 'Pragma' in Photovoltaics
(STAFFETTA QUOTIDIANA PETROLIFERA, 1 Feb 82)..... 17

NETHERLANDS

- Terlouw on Natural Gas, Energy Policies
(ANP NEWS BULLETIN, 23 Feb 82)..... 21

TURKEY

Briefs

Reduced Petroleum Consumption	24
-------------------------------	----

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

Bundesbank President Poehl on Employment Program (Inge Adham; DIE WELT, 12 Feb 82).....	25
Bank Spokesmen Announce Credit Policy To Press (FRANKFURTER ALLGEMEINE, 10 Mar 82).....	27
Schloemann-Siemag to Deliver Rolling Mill to China (FRANKFURTER ALLGEMEINE, 3 Mar 82).....	28

GREECE

Budget Presented, Economic Prospects Seen Drab (LE MONDE, 11 Mar 82).....	29
Public Investment Budget Figures Revealed (BUSINESS & FINANCE, 27 Feb 82).....	31
Continued Slump in Private Sector Investment Anticipated (BUSINESS & FINANCE, 20 Feb 82).....	33
Greek-French-Soviet Power Agreement (BUSINESS & FINANCE, 20 Feb 82).....	34

ITALY

Transport Minister on State of Civil Aviation (Vincenzo Balzamo Interview; AVIAZIONE, Nov 81).....	35
---	----

NETHERLANDS

Den Uyl Announces Plan To Create 30,000 Jobs (ANP NEWS BULLETIN, 3 Mar 82).....	40
--	----

PORTUGAL

Report Confirms Lackluster 1981 Economic Performance (O JORNAL, 19 Feb 82).....	42
--	----

SPAIN

Foreign Investment Laws Deemed Unduly Restrictive (Luis Jorquera Garcia; ACTUALIDAD ECONOMICA, 18 Feb 82).....	44
Foreign Investments Down 7.9 Percent in 1981 (Jose R. Roca, Sol Nunez; ACTUALIDAD ECONOMICA, 18 Feb 82).....	49
Balance of Trade Deficit Up 13 Percent Amidst Increased Trade in 1981 (ACTUALIDAD ECONOMICA, 25 Feb 82).....	58

TURKEY

Turkish Firms Said Unaffected by Libyan Cutbacks (Mehment Ali Birand; MILLIYET, 17 Jan 82).....	61
Text of Turkish-Hungarian Economic Protocol Published (RESMI GAZETE, 22 Feb 82).....	62
Turkey-PRC Economic, Technical Agreement Published (RESMI GAZETE, 16 Feb 82).....	67
Measure To Strengthen Steel Industry Asked (CUMHURIYET, 27 Jan 82).....	70
Budget Committee Examines Revenue Source Deficit (CUMHURIYET, 20 Jan 82).....	72
Building, Property Taxes Passed by NSC (CUMHURIYET, 27 Jan 82).....	74
Private Sector Restates Support for Stabilization Measures (DUNYA, 27 Jan 82).....	77
Poor Quality Seed Said To Limit Agricultural Output (Kurtar Cakir; GUNAYDIN, 16 Jan 82).....	79
Turkish Workers in Arab Countries To Reach 350,000 by 1985 (GUNAYDIN, 21 Jan 82).....	80
Briefs	
Turkish-Indonesian Investment Agreement	81
Iron to Iran	81
Balkan Tourism Meeting	81
CSSR Transportation Agreement	81
Cement Production Capacity	82

POLITICAL

BELGIUM

Group Leaves Walloon Social Christian Party (LA LIBRE BELGIQUE, 3 Mar 82).....	83
---	----

CYPRUS

Briefs	
Visits by Foreign Ministers	85

FEDERAL REPUBLIC OF GERMANY

Schmidt's Isolation Within SPD, Cabinet Viewed (Gunter Hofmann; DIE ZEIT, 5 Feb 82).....	86
SPD, FDP Disarray, Need for Change Discussed (Diether Stolze; DIE ZEIT, 12 Feb 82).....	90
Dilemma of Hesse FDP Analyzed (Bernd Erich Heptner; FRANKFURTER ALLGEMEINE, 8 Mar 82).....	94
SPD Discusses Schleswig-Holstein Election Loss (FRANKFURTER ALLGEMEINE, 10 Mar 82).....	97
Schleswig-Holstein Election Result Analyzed (FRANKFURTER ALLGEMEINE, 9 Mar 82).....	100
New Environmental Party to Right of Greens Founded (Gunter Bannas; FRANKFURTER ALLGEMEINE, 8 Mar 82).....	103
Briefs	
Judos, FDJ Exchange	105
Genscher's Warning to SPD	105
Greens' Anti-Reagan Protest	106

FINLAND

Koivisto Evinces Slightly Cooler Stance on Nordic 'Zone' (Kjell Dragnes; AFTENPOSTEN, 11 Mar 82).....	107
--	-----

GREECE

'TO VIMA' Warns of Danger From Turkish Tactics (Editorial; TO VIMA, 12 Mar 82).....	109
Leader Advocates Friendship With Turkey as Only Solution (EPIKAIRA, 11 Mar 82).....	111

NETHERLANDS

Briefs

First Communist Mayor	113
-----------------------	-----

NORWAY

Troms Provincial Assembly Demands Nordic Nuclear-Free Zone (AFTENPOSTEN, 10 Mar 82).....	114
---	-----

PORTUGAL

CDS's Amaral Defends Performance of Administration (EXPRESSO, 27 Feb 82).....	116
PCP's Brito Calls for Leftist Coalition in Early Elections (Carlos Brito Interview; O JORNAL, 5 Mar 82).....	123
PS-PSD Agreement on Constitutional Revision Uncertain (Pedro d'Anunciacao; EXPRESSO, 27 Feb 82).....	130

SPAIN

Gonzales Meets With, Reassures Bankers (Joaquin Estefania Moreira; EL PAIS, 7 Feb 82).....	133
Nationalization Not Excluded by Socialists, Guerra Says (EL PAIS, 7 Feb 82).....	137
Academician Reviews Positive Reasons for NATO Entry (Angel Vinas; EL PAIS, various dates).....	138

TURKEY

Press Notes Expanded Presidential Powers of Appointment (MILLIYET, 18 Jan 82, TERCUMAN, 19 Jan 82).....	147
Instances Cited, by Hayri Birler Ilicak Editorial, Editorial by Nazli Ilicak	
'CUMHURIYET' Cites Progress in Relations With Middle East (CUMHURIYET, 10 Mar 82).....	152
Turkmen Discusses Armenian, Greek, NATO Issues (CUMHURIYET, 26 Jan 82).....	153
Briefs	
Visitation Plan	156
Evren Comments on Talks	156
POW Visits Discussed	156

MILITARY

FEDERAL REPUBLIC OF GERMANY

SPD, FDP Agree on Arms Export Guidelines
(FRANKFURTER ALLGEMEINE, 11 Mar 82)..... 157

GENERAL

PORTUGAL

Poll Shows Portuguese Pessimistic About Future
(O JORNAL, 19 Feb 82)..... 159

TERRORISM ALLEGEDLY CONTINUES IN TURKEY

London 8 DAYS in English 27 Feb 82 p 15

[Article by Andrew Borowiec]

[Text]

ANKARA is not sounding any alarm bells, and in public statements General Kenan Evren, head of the National Security Council (NSC), appears confident and very much in control. Yet there are definite indications that not everything is as serene as it seemed last December, when visiting US Defence Secretary Caspar Weinberger expressed his 'admiration' at the military's handling of the security situation.

Since then, it has officially been announced that an average of five people have been dying a day, and twice as many injured in terrorist attacks or clashes between political gangs. It is unquestionably a low figure compared with the pre-coup daily toll of 25 killed, but it showed that martial law has not entirely eliminated resistance and the activities of the various underground networks.

Evren is still applauded when he tells crowds: 'We have given you peace and security.' But, nonetheless, gunmen manage to strike. The politicians muzzled by martial law are boiling with impatience, and the prisons are packed. West European liberals continue to levy accusations of torture. In January, the London-based Amnesty International charged that at least 70 people had died in Turkish prisons since martial law was imposed in September 1980. Various visiting delegations have reported the systematic abuse of prisoners, including electric shocks during interrogation.

The military rulers and their technocrat government, headed by retired Admiral Bulent Ulusu, responded with angry denials, but have banned further visits by delegations

from the Strasbourg-based Council of Europe, a 21-nation advisory body whose members had reported human right violations. 'No practical use can be obtained from the visits of these delegations,' a government spokesman said.

Diplomats in close contact with the ruling establishment claim, however, that Evren and his team are deeply perturbed by foreign accusations — and the apparent existence of prison brutality. The confirmation came quickly enough: in early February, 390 officials were interrogated. As a result, charges of violations of prison rules were brought against 90 people, while 150 cases were closed for 'lack of evidence'.

Furthermore, the government seems to have felt it essential to announce a degree of repressive measures taken so far, officially known in Turkey as the 'cleansing process'. According to these figures, which fall somewhat short of previous estimates, 24,000 suspects have been arrested since the coup while 7,000 others were taken 'into protective custody'. There was no official explanation of the difference in terminology.

Equally significant is the number of civil servants affected under the military regime. All told, 18,000 officials, including judges, employees of various ministries, teachers and policemen have had sanctions applied against them. The accusations generally centred on corruption or political militancy before the coup. As a result, 2,000 officials were dismissed, 3,660 brought before military tribunals, 1,600 put 'under surveillance'.

but apparently allowed to keep their jobs, and 7,233 were transferred from major cities to distant and bleak outposts. Perhaps most significant was the number of high school teachers interrogated or punished — a total of 6,191 — which underscores the degree of political involvement of Turkey's educators and the resulting influence on the country's young.

With parliament suspended pending general elections, promised for late 1983, the National Security Council has taken upon itself the task of approving death sentences handed out by military tribunals. Out of 21 such verdicts, ten have already been carried out by hanging. Curiously, four convicted men managed to escape from closely guarded prisons.

Any comparison of its military rule to the situation in Poland is an extremely sensitive issue in Turkey. Various European liberals point out similarities between the two, and there has been criticism that some western countries stigmatise the Polish repression while tolerating that in Turkey.

Apologists for the Turkish coup, particularly Americans, argue that there is no similarity whatsoever, that the Polish generals stepped in to suppress budding freedom and labour unions, causing tension and bloodshed, while the Turkish generals moved in after silently watching the country slide towards civil war as politicians bickered over partisan issues. Evren and his colleagues have not bothered to comment, apparently feeling that drawing any parallel between the two states of martial law is insulting to Turkish national dignity.

CSO: 4600/344

EEC'S ENERGY SITUATION FOR FIRST-HALF 1981

Rome RASSEGNA PETROLIFERA in Italian 15 Jan 82 pp 33-35

[Text] The analysis of the energy situation in the first half of 1981 made by ENI [National Hydrocarbons Agency] with reference to the world situation was extended, and is summarized below, also to the Italian market, in the period indicated involved in a stagnation phase. An outstanding feature, in the first 6 months of last year, is the sharp increase in the cost of imported energy (oil primarily) in relation to the rise in the dollar. Savings introduced in the cost of oil products and a search for a greater equilibrium in the balance of payments led to energy consumption, in that half-year, amounting to almost 74 million tons of petroleum equivalent, with a 2.2-percent decrease in comparison with the same period of the year before. At the same time, the cost of energy reached a level of almost 14 trillion current lire (with a 58-percent increase). In detail, the primary energy sources used to handle the nation's demand show the following situation (thousands of tons of petroleum equivalent):

Source	6 months 1981	Variation from 6 months 1980 (%)
Solid fuels	6,330	+9.9
Natural gas	11,295	-7.2
Oil	49,958	-2.5
Hydro-geo-nucleoelectric energy	6,762	-1.5
Total	74,345	-2.2

Consumption of solid fuels, including also, in addition to coal and lignite, industrial byproducts and vegetable fuels, were the only ones showing an increase, limited however in view of their small amounts. Their contribution to covering the total energy demand rose to 8.5 percent, compared with 7.6 percent in 1980, caused by greater use in the thermoelectric sector (+15 percent) and in some industrial sectors, cement-making in particular. On the other hand, natural gas shows a decline, with its share reduced from 16 percent to about 15 percent, to be attributed, on the one hand, to a continuation of the interruption in the supply of Libyan gas (owing to controversies on prices) and, on the other hand, to decreased demand by the thermoelectric and industrial sectors (-10 percent) with the industrial sector, in particular, involved in a certain amount of recession.

Although demand for oil products shows a percentage decrease, it maintains its part in total energy consumption (67 percent) owing to compensations among the other sources. The relative decrease in amounts is to be tied to the decreased demand by the industrial and civilian heating sectors, while the transportation sector is still expanding. Availability of primary electrical energy covered about 9 percent of the overall consumption, also owing to the positive balance of foreign trade that made it possible to offset the decrease in production of hydro and nuclear sources. The nuclear source especially because of inactivity of the Garigliano and Trino Vercellese powerplants.

On the whole, production of domestic energy sources furnished 17 percent of the nation's requirement. The rest was covered by imports. Table A shows Italy's energy balance in the first half of 1980 and 1981 in the main items. It is seen how the smaller availability, in comparison with 1980, is substantially concentrated on domestic production and is by far attributable to a decreased contribution of electricity. Because relative demand remained almost unchanged, it resulted in an increase in imports. These imports, on the whole, remained unchanged, with decreased use of hydrocarbons compensated by an increased importation of solid fuels. The greatest decrease is recorded both for natural gas (smaller imports and variation in supplies) and for oil products (domestic demand). With regard to final uses, once more the industrial sector is the one that depressed its own consumption and, therefore, activity, while for the rest no appreciable variations show up. This contraction is still concentrated in hydrocarbons whose consumption is increased, on the other hand, in the transportation sector. In the general context presented, domestic production can be attributed 4 percent to solid fuels, 46 percent to natural gas, 6.3 percent of oil and 43.7 percent to primary electrical energy. With regard to availability for consumption, these amounts are modified, respectively, as follows: 7.4 percent, 51.3 percent, 1.6 percent, 80.9 percent.

With regard to Italy's energy situation, table B shows the relative costs incurred in terms of the monthly trend of net imports and cumulative values.

The cost evolution shows a first jump in March 1980 and then a certain degree of stability in monthly levels, then another rise in the second half of 1980 and then an irregular trend in the first half of 1981, but at levels quite higher than the 1980 average.

On the whole, in the first 6 months of 1981, the total cost incurred by the country almost equalled the total cost in the 9 months of 1980 and the prospects lead to an estimate of around 26 trillion lire for the whole year, about 30 percent more than 1980 with practically the same consumption. The final level of consumption in the 6-month period equaled 55.4 million tons of oil equivalent, corresponding to about 75 percent of the total energy available and the rest (19 million tons of oil equivalent) pertaining to the production and energy processing sectors and to various losses.

By analyzing the use sectors, a 7-percent reduction is noted in industrial use to be attributed to a decrease in production in almost every sector, including also nonenergy uses, predominantly connected with the petrochemical industry. According to recent forecasts, this negative situation should continue throughout 1981, with the exception of the trend in the sector of construction of means of transportation with a slight increase.

Table A: Energy Balance in Italy in the First Half of 1980 and 1981
(millions of tons of oil equivalent)

(1) Disponibilità e impieghi	1980				1981					
	(2) Solidi	(3) Gas naturale	(4) Petrolio	(5) Energia elettrica ^(a)	(6) Totale	(2) Solidi	(3) Gas naturale	(4) Petrolio	(5) Energia elettrica ^(a)	(6) Totale
(7) Produzione	0,5	5,9	0,9	6,0	13,3	0,5	5,8	0,8	5,5	12,6
(8) Importazione	5,6	6,1	54,7	1,0	67,4	6,2	5,9	53,8	1,5	67,4
(9) Esportazione	0,2	—	6,0	0,1	6,3	0,2	—	6,2	0,2	6,6
(10) Variazione scorte	- 0,1	+ 0,2	+ 1,6	—	+ 1,7	- 0,2	- 0,4	+ 1,6	—	+ 1,0
Totale disponibilità per il consumo interno lordo	5,8	12,2	51,2	6,9	76,1	6,3	11,3	50,0	6,8	74,4
(12) Consumi e perdite del settore energetico	1,1	0,1	3,2	14,5	18,9	1,2	0,2	3,1	14,5	19,0
(13) Trasformazione in energia elettrica	- 2,0	- 1,1	- 11,7	+ 14,8	—	- 2,3	- 0,6	- 11,8	+ 14,7	—
(14) Totale impieghi finali di cui:	2,7	11,0	36,3	7,2	57,2	2,8	10,5	35,1	7,0	55,4
— industria	2,2	4,7	8,2	4,1	19,2	2,3	4,2	7,5	3,9	17,9
— trasporti	—	0,1	11,6	0,3	12,0	—	0,1	11,8	0,2	12,1
— altri usi energetici	0,5	5,0	10,7	2,8	19,0	0,5	5,2	10,3	2,9	18,9
— usi non energetici	—	1,2	3,7	—	4,9	—	1,0	3,4	—	4,4
— bunkeraggi	—	—	2,1	—	2,1	—	—	2,1	—	2,1

(a) Availability of primary electrical energy is calculated with the specific coefficient of 2,200 kilocalories per kilowatt-hour, while in the use part, the coefficient of 860 kilocalories per kilowatt-hour is used.

Key:

- | | |
|--------------------------|---|
| 1. Availability and uses | 8. Imports |
| 2. Solids | 9. Exports |
| 3. Natural gas | 10. Variation in supplies |
| 4. Oil | 11. Total availability for gross domestic consumption |
| 5. Electrical energy | 12. Energy sector consumption and losses |
| 6. Total | 13. Transformation into electricity |
| 7. Production | 14. Total final uses, including: |
| | industry nonenergy uses |
| | transportation bunkering |
| | other energy uses |

Table B: Energy Cost
(Net imports of energy sources)
(Billion current lire)

	1980		1981	
	Monthly data	Cumulative data	Monthly data	Cumulative data
January	1,065.4	1,065.4	1,578.9	1,578.9
February	1,274.7	2,340.1	2,361.1	3,940.0
March	1,559.5	3,899.6	1,622.0	5,562.0
April	1,583.2	5,482.8	3,028.1	8,590.1
May	1,567.1	7,049.9	2,795.3	11,385.4
June	1,583.9	8,633.8	2,313.2	13,698.6
July	1,312.1	9,945.9		
August	1,848.7	11,794.6		
September	1,989.8	13,784.4		
October	1,993.8	15,788.2		
November	1,543.3	17,321.5		
December	2,403.0	19,724.5		

The following was industrial consumption in figures:

Source	6 months 1980	Variation from 6 months 1980 (%)
Solid fuels	2,299	+ 6.5
Natural gas	4,212	-10.9
Oil	7,445	- 9.2
Electrical energy	3,890	- 5.0
Total	17,846	- 7.0
Nonenergy uses	4,391	- 9.1

Once more, only solid fuels show an increase. Consumption for the civilian and agricultural uses aggregate remained almost stable, even in a situation of energy saving and increasing costs. An important note is the penetration of gas, solid fuels and electricity, which replaced the use of oil products (heating especially). The situation, a sign of a trend in progress, should continue during the year, save for exceptional climatic events. Quantitatively, the following was sector consumption (10^3 tons of oil equivalent):

Source	6 months 1980	Variation from 6 months 1980 (%)
Solid fuels	490	+8.9
Natural gas	5,183	+3.3
Oil, including diesel for heating	6,900	-3.1
Electrical energy	2,915	+4.5
Total	18,916	-0.3

In general, the civilian use sector is the one in which diversification of the energy sources used as an alternative to the use of oil products is taking place mostly. With regard to the transportation sector, a differentiated

consumption trend is recorded, however, with an increase in total amount with a resultant positive evolution of its share in the nation's energy consumption. With regard to gasoline, there has been an increase in the number of licenses issued and in the total amount of vehicles in circulation, but, at the same time, a decrease in average distance traveled, which for diesel oil, the increase in diesel vehicles found expression in greater consumption. The increase in consumption for private transportation seems modest, while the increase for freight transportation is appreciable, concentrated also in diesel fuel. The following data show all that has been stated above (thousands of tons of oil equivalent):

	6 months 1981	Variation from 6 months 1980 (%)
Oil products,	11,837	+ 1.9
including:		
gasoline	5,728	- 0.7
vehicle diesel	5,145	+ 6.8
By use type:		
Private	7,015	+ 1.1
Freight	4,147	+ 5.5
Aircraft	675	-10.0
Other sources*	380	- 2.6
Total	12,217	+ 1.7
Bunkerage	2,128	- 0.3

* Solid fuels, natural gas, electricity.

Still with regard to uses, it seems to be interesting to analyze electricity production, a breakdown of which is given in Table C. The foreign trade balance made up, in the first 6 months of 1981, for the smaller contribution by domestic production in which only thermoelectricity just about maintained the level of the first half of 1980.

Therefore, an increase, although slight, is observed in oil products needed, in spite of greater recourse to solid fuels, to offset the decline in natural gas. Electricity fed to the network shows a greater decrease than the gross total production owing to an increased withdrawal for pumping and auxiliary consumption. The last table (table D) to be derived from the ENI report is a comparison between the trend of crude oil prices and fossil coal in 1980-1981. The amounts shown justify the nation's interest in developing the use of coal on our market, as, has already happened, moreover, in other countries benefiting, nevertheless, from sizable domestic resources, certainly emphasizing a realistic comparison at the same calorific power. In fact, if a level of about 6,000 kilocalories per kilogram for coal is compared with about 10,000 kilocalories per kilogram of fuel oil, a replacement oil product, and if fuel oil costs about 240 lire a kilogram, a price spread of about 100 lire a kilogram is obtained. This level is, moreover, abundantly capable of covering costs of transporting and handling coal.

Table C: Electricity Production*
(Thousands of tons of oil equivalent)

	January-June 1981	1981-1980 variations (%)
Hydro-geoelectric	5,115	- 7.6
Nucleoelectric	333	-20.3
Foreign trade balance	+ 1,314	+44.9
Total primary sources	6,762	- 1.5
Thermoelectric	14,715	- 0.4
solid fuels	2,315	+13.5
natural gas	630	-39.8
oil	11,770	+ 0.7
Gross production	21,477	- 0.7
Consumption for pumping and auxiliary services	- 1,346	+ 7.6
Electricity fed into the network	20,131	- 1.3

* 2,200 kilocalories per kilowatt-hour based on the calories needed to produce 1 kilowatt-hour in a thermoelectric powerplant.

Table D: Average CIF Values for Crude Oil and Imported Fossil Coal
(Thousands of current lire per metric ton)

	Crude oil		Fossil coal	
	1980	1981	1980	1981
January	158,804	238,462	55,123	63,269
February	159,720	261,691	52,749	79,840
March	174,313	280,118	60,082	81,090
April	197,195	288,635	64,421	79,049
May	191,631	303,181	59,977	79,313
June	197,762	318,547	57,133	86,216
July	191,503		56,343	
August	197,306		64,318	
September	206,339		58,410	
October	208,596		66,615	
November	217,727		66,481	
December	225,394		63,995	

ISTAT [Central Statistics Institute] data, subject to correction).

10,042

CSO: 3104/121

PRIORITY OBJECTIVES OF EEC'S ENERGY SECTOR

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 18 Jan 82 pp 10-13

[Text] We give, below, a summary and some excerpts from the main selected passages from a recent report by the EEC Commission to the Council. The document, dated 12 November 1981, is entitled "Development of a Community Energy Strategy" and, among other things, it specifies a series of priority objectives. In addition, the commission has reserved for itself the right to submit, within the first quarter of this year, its own guidelines and specific proposals concerning each of the participating sectors with regard to the various energy sources.

Within the first quarter of 1982, the EEC Commission will specify to the Community Council its own guidelines and will draw up specific proposals with regard to the sectors of coal, nuclear energy, natural gas, new energy sources, oil, energy demand and agriculture, with special reference to the large amounts of energy consumed directly and indirectly by this last-mentioned sector.

This initiative is included in the broader framework of development of a Community energy strategy whose basic lines were approved by the Commission itself last 23 September 1981 on a proposal by Commission-member Davignon.

The Commission's intention is to have the individual energy policies of the various member countries merge as rapidly as possible, because it is believed that each of them is interested in having the energy policy achieve the same results all over the territory of the Community. In fact, it is pointed out that possible differences between the effort made and the results obtained would have negative effects also on the degree of the Community's economic activity as a whole, in addition to increasing the difference between levels of supply reliability.

The Commission believes, in this connection, that, in order to distribute efforts equally, there is no need for any sizable centralization of the instruments of energy policy, or for a uniform supply structure that must still be tied to the national situation, while it believes that there is need for a collective discipline that will go beyond simple coordination and will cause the policies of each member state to reflect the desire to pursue common objectives.

The Commission indicates, as an instrument through which this merger can be achieved, the report that it submits annually with regard to the energy policies of the member states, analyzed in the light of the objectives determined by the Community, and it also proposes that this report be forwarded to the Council, with appropriate proposals and recommendations, after a suitable examination by the Committee on Medium-Term Economic Policy and the Committee on Energy.

Priority Objectives

Naturally, there are priority objectives to be achieved and the Commission has singled out five of them that it indicated in the context of one of its reports, dated 12 November 1981 and entitled "Development of a Community Energy Strategy," which is now to be subjected to discussion by the Community Council.

These objectives are summarized as follows:

1. Attainment of an adequate investment level in energy sources replacing oil and in a more rational use of energy.
2. Development of a common policy in the sector of energy prices and taxation.
3. Adoption of procedures that will put Community solidarity in concrete form, avoiding destabilization of the markets.
4. Intensification of common policies in the sector of research, development and technological demonstration activities.
5. Continuation of preparation of common approaches and initiatives for foreign relations pertaining to energy.

We give, below, textual excerpts from the Commission's report pertaining to the priority actions needed for achieving the above-listed objectives:

Investments

"Diversification of the sources of energy supply and a more rational use of energy, also through energy savings, require considerable investments.

"For the moment, the investment volume in this sector is stationary at around 1.6 percent of the gross national product. According to the most optimistic forecasts by the member states, this value might reach 2.2 percent within this decade. In the same period, the United States anticipates attaining about 4 percent and Japan between 3 and 3.5 percent. The situation in these countries is not sufficient to justify the different order of magnitude of scheduled investments and, if the Community does not make the necessary decisions, its investments in the energy sector risk being insufficient overall, preventing adjustment of its economy to the high prices for energy and, therefore, reducing competition.

"There also is a concrete risk that the scheduled commitment will not be assumed, for which it is necessary to act on each factor affected by the level of investments, that is to say:

"[a.] Uncertainty of economic operators concerning the evolution of oil import prices and the policies that the public authorities are implementing with regard to prices and taxes in the energy sector is delaying many decisions. The action proposed by the Commission in this area, moreover, will be a valid answer in this connection.

"[b.] Investors are pulling back in the face of the risks of application, on the industrial level, of new processes, like gasification and liquefaction of coal and use of solar energy and other renewable sources of energy on a vast scale.

"The action proposed by the Commission in the field of the below-listed technological demonstrations seeks to respond to this kind of limitations.

"[c.] The concern of public opinion is also tending to delay some projects, especially owing to the risks raised in the nuclear programs in the health field and in the field of safety and, more recently, of the ecological effects of increased coal consumption. The Community can play a direct part both by offering objective information on the advantages and disadvantages connected with the various alternatives suitable for meeting the energy requirements, and by carrying out common actions to solve specific problems. The Commission will submit, in the immediate future, some proposals for the purpose of intensifying Community action in the sector of research on safety, in the sector of elimination of radioactive waste, in improvement of supply reliability and in the sector of control of nuclear materials.

"[d.] Stagnation of the economy and lack of prospects for a substantial recovery are casting doubt on the profitability of some investments.

"These factors particularly affect development of investments intended for making the use of energy more rational: new types of equipment with high energy yield, conversion of diesel-fueled plants for producing heat and drive power to coal, application of new technologies in industry. These are the investments that offer the greatest prospects for recovery of the Community's industry and for direct and indirect creation of jobs and that greatly affect dependency on energy importation and on the balance of payments.

"Two studies made for the Commission, in which the technical feasibility of rapid progress in a more rational use of energy¹ and its consequences on investment and employment² are examined, make it possible to conclude that the possibilities and advantages of a sustained increase in the volume of investments in the demand sector are immense. This kind of investments with a good ratio

¹ For growth with low energy consumption.

² Investment and employment in a society with low energy consumption.

between costs and favorable efficiency, might amount to 250 billion ECU by the end of the present decade. The obstacles delaying them are to be sought in the large number of decisions required in the area of families and enterprises, for many of which the present economic climate is creating problems of short-term profitability and difficulties in obtaining foreign financing on acceptable terms.

"At present, there is a lively discussion on means suitable for accelerating investments and the Commission, in turn, is making a thorough investigation, with the assistance of the member states, on the prospects and difficulties of investments making a more rational use of energy possible. This investigation will make it possible to determine what the most suitable ways are for promoting investments and it will serve as a basis for the proposals that the Commission will draw up shortly in this connection.

"Meanwhile, the Commission will propose greater use to be made of the new Community instrument for supporting investments in the sector of a more rational use of energy, reserving for it a specific share of the funds. The Commission will use interest subsidies to be used in the ECSC [European Coal and Steel Community] budget for supporting this same type of investments in the steel and in the coal sector."

Prices and Taxes

"An energy price policy is essential, in order to attain the energy policy objectives owing to its immediate effect on the markets and, in the long term, on investments. Its implications are still broader, because they are extended to industrial competition and to trade between the member states and the rest of the world. A common approach with regard to prices is, therefore, a critical factor in the coordination of the energy policies of the member states, because it is a support of the investment policies and makes it possible to evaluate correctly the effectiveness of energy saving procedures and the economic quality of oil alternatives. Moreover, it is indispensable, if there is a desire to avoid distortions in competition within the Community and to promote greater coordination between the attainment, in general, of the macroeconomic objectives or of budget and the attainment of energy policy objectives. In short, a common strategy is important, in order to give credibility to the action carried out by the Community for a rational price policy by the countries with which it trades and competes.

"The Commission has already emphasized these requirements in a report entitled 'Energy and Economic Policy' and by developing some of their aspects in a report pertaining to taxes on oil. The Council has also been invited to adopt a recommendation on rate structures of electricity.

"In a different report, the Commission developed the general principles adopted by the Council in the 9 June 1980 resolution on the energy price policy. On the basis of those principles, prices to the consumer should fully respect the costs of developing alternative sources of energy, promoting investments in that way, even in case world oil prices are stable or declining in the short term.

"There should be a real common market for primary energy within the Community. Possible difference between the offering prices for coal, crude oil and gas should agree with differences in costs of transportation. That does not mean, however, that prices to the consumer can or should be the same in the entire Community. On the contrary, it is proper for the advantages of a prudent investment in the sector of energy processing (refining, transportation, distribution and--especially--production of electricity by the individual member states to be reflected in prices to the consumer. These prices are not determined, however, only by the pertinent costs, but also by the various policies and, in particular, those policies pertaining to the taxation system, price control and financing of public services."

Market Stability

"Reliability and stability of supply are objectives common to all forms of energy and their attainment is a key factor in the Community strategy. This is all the more applicable to oil, an energy source whose price still plays a predominant part and whose market is much less flexible than in the past.

"The year 1979 taught that even in case of very limited and short-lasting contractions in oil supply--or even the mere prospect of that kind of situation--they may have dramatic and disproportionate effects on the trend of prices for this fuel.

"Repetition of similar situations might have serious effects. The relative stagnation of the market in the last few months might lead to an underestimation of that danger, although strengthening of the dollar increased the cost of oil imported by the Community considerably.

"The Community would fail in its mission, if it did not show solidarity in similar circumstances and that solidarity is much more difficult to achieve, if it is not consolidated at times when there is no tension. There already is a device in case of serious supply difficulties. It is, however, essential for the Community to prepare in advance procedures and instruments that will make it possible to lessen the effects of possible not serious imbalances in supply and especially their impact on prices.

"The Commission has, therefore, proposed a valid procedure in case of short interruptions in oil supply, with a series of measures among which the Council will select the ones most suited to the circumstances of the moment.

"In order to be effective, the proposed actions should be closely coordinated in a broader framework that includes the United States and Japan. As was demonstrated in the preparation for Western economic summits, and especially the one in Tokyo in 1979 and in Venice in 1980, the Community can take the initiative effectively on behalf of the other leading oil consumers, owing to the fact that it is the largest customer on the world oil market."

Research, Development and Demonstration

The Commission has paid special attention also to this specific subject, arriving at the following conclusions, after a more vast examination of the issue:

"Innovation is one of the factors needed for an energy strategy. The typical financial action of the Community and its coordination activity are indispensable for achieving the requisite effectiveness in research and development and in technological demonstration. The potential offered in this sector should be used better and fully."

Foreign Relations

This matter was subjected to a thorough examination during which it resulted, among other things, that energy cooperation with developing countries must take place in accordance with an overall strategy, taking into account, however, the situation and priorities peculiar to each country and the nature of the relations between each country and the Community, and that this might also pertain in particular to the following aspects:

- a. Provision of guidelines for assistance in energy programing (evaluation of resources and requirements).
- b. Provision of assistance and useful information in decisions pertaining to investments (evaluation of projects, specialized techniques, for example, in the sector of mining prospecting; research and development, including greater recourse to the CCR [Common Research Center] and use of contacts between the research centers of member states; access to data banks).
- c. Offer of technical and professional training.
- d. Exchange of information on techniques applicable in developing countries, especially for a more rational use of energy, and promotion of the use of those techniques in these countries.
- e. Development of the practice of cofinancing already implemented with other institutions, like the Organization of Petroleum Exporting Countries, the Arab Funds, the World Bank, and so on.
- f. Encouragement of industry to implement a constructive investment policy concerning PVS [developing countries]; possible use of the capabilities offered in this connection by the Lomé II Convention.
- g. Promotion of the use of new and renewable sources, especially in the framework of rural development programs and environment protection.

The overall conclusions of the EEC Commission with regard to foreign relations were finally summarized as follows:

"The Community alone can provide the necessary dimension to expressing the interests of the member states on a world basis. It must establish a framework of relations with countries supplying energy that will guarantee supply stability, especially of coal and natural gas, as is generally the case in the nuclear sector. More especially, with regard to energy cooperation with the PVS--a priority action sector dictated by the requirements peculiar to those countries and by the need for reducing pressure on world demand for oil--thorough use should be made of the possibilities offered by the Lomé

Convention, concentrating mostly on other developing countries, especially the ones that maintain contractual relations with the Community."

Conclusions

a. Adoption of common objectives, attainment of those objectives by means of actions coordinated by the member states in the framework of a collective discipline. These are the basis for the energy strategy proposed here.

Without this kind of approach, the Community will be unable to meet the energy challenge. The essential factor in this response is a preventive effort on the Community level. Rather than limit itself to reacting to events, action in the energy sector should consist in preparing, under the best conditions, for those adjustments made inevitable as a result of the most likely evolution of the market and in minimizing their consequences to the economic and social fields. This preventive point of view also offers the advantage of being incorporated in plans for recovery of economic activity and of employment.

b. The Community has already adopted some energy objectives. This initiative will be useful only provided the objectives are constantly updated and examined at regular intervals in the framework of the policies of the member states and adjusted consequently. Therefore, in developing the strategy, the Commission plays primarily a guiding and supervising role.

In certain sectors, nevertheless, it performs an action peculiar to it: in cases specified in treaties, in which there are no other instruments for attaining the common objectives and in which it makes it possible to perform isolated, or even simply coordinated, national actions more effectively.

In certain cases, these Community measures will require financial means that will have to be adjusted to the size of the item. Various financial instruments should be completed or developed in the light of the requirements and of the other objectives of the Community.

c. In pursuing the objective of reducing dependency on oil by means of a better utilization of all available resources and a wider diversification of supplies, five priority sectors must be taken in account: investment, price and tax policies, supply stability, development of the technological innovation potential and relations with third countries. The member states or the Community have already made their choices in some of these sectors, but inadequately, incompletely or in an uncoordinated manner.

The Commission has already drawn up or will draw up proposals asking for a greater endeavor. These proposals will probably represent considerable progress toward development of the common strategy.

d. The Commission invites the Council to approve the strategy described above in accordance with the objectives and to declare itself, with this frame of reference, on the various proposals already submitted or that will be submitted in the future.

BRIEFS

MOSCOW GAS TALKS--Minister of Industry and Energy Anastasios Peponis yesterday accepted the proposal of the Soviet organisation Soyuz-Gas-Export for the dispatch to Moscow of a group of Greek experts [as published] to discuss the possibility of piping Siberian natural gas to Greece. A similar project is being negotiated with Federal Germany and a new pipeline is being built linking Siberia with Bulgaria. The Greek delegation will leave for Moscow on 5 April. [Text] [Athens ATHENS NEWS in English 11 Mar 82 p 7]

CSO: 4600/330

OBJECTIVES, STRATEGIES, PLANS OF 'PRAGMA' IN PHOTOVOLTAICS

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 1 Feb 82 pp 10-12

[Text] Owing to an initiative of mixed--public and private--nature, which has given rise to the Pragma Company, Italy has placed itself in a vanguard position in Europe with regard to an endeavor in the development of the photovoltaic sector and in the use of the possibilities offered by it for the purpose of supplying the nation with energy and of development of Italian technology on the international market. In the following article, we illustrate, among other things, the objectives, strategies and programs of the new company.

Last Friday, Pragma, a company with mixed capital (75 percent AGIP Nuclear [National Italian Oil Company, Nuclear Division] and 25 percent Finance Company for Energy) was officially presented to the press. It was established last year for the purpose of setting up the first complete-cycle photovoltaic industry in Italy.

The mixed public and private nature is one of the characteristics of the company that intends to achieve rapid industrialization and, at the same time, a presence on the international level that will represent an indispensable premise for success of the initiative.

It provides for investments amounting to 60 billion lire in the span of 5 years and it is incorporated in the broader framework of the activities of ENI (National Hydrocarbons Agency) for the country's energy supply, diversification of primary sources of energy and development of a technological culture with sophisticated contents in the field of energy. It should be noted that the financial outlay scheduled for this initiative is the largest of its kind in Europe.

Pragma expects to provide itself with a production capacity equal to about 8 megawatts a year by 1986 to be offered on the market at a price not higher than \$3 a peak watt, compared with around \$10 a peak watt at present. This production capacity will enable it to cover a sizable share of the world photovoltaic market: about 5 to 10 percent of the total!

Therefore, ENI proposes, through Pragma, to put itself alongside the large international operators with a series of agreements that will implement specific selected strategies and will make it possible to exchange technical and economic information indispensable for the takeoff of a photovoltaic industry that will have a world-level position. For this purpose, the American Solarex Corporation group, the only world operator with integrated production programs, has been designated as a preferential partner for the photovoltaic initiative.

In addition, Pragma has concluded a specific agreement with Semix, Incorporated, for solar grade silicon, with which the cells are made. The agreement, in accordance with the cross license agreement formula, provides for joint development in the United States and in Italy of all the operations required for starting production of solar silicon on an industrial scale and it guarantees Pragma and Semix equal participation both in the development phase and in the subsequent phase of commercial and productive utilization of the technology.

This agreement represents an important innovation in Italian relationships with advanced technologies, insofar as it eliminates the payment of royalties for acquiring licenses, guarantees free, immediate acquisition of the know-how developed in the United States by the American partner in the last 3 years and ensures Pragma ownership of patents possibly developed by it and free use of patents developed by the partner.

Pragma has also established, in Switzerland, still with Semix and other partners, Intersemix, a company for producing wafers (slices of polycrystalline silicon with which photovoltaic cells are made) for the European market.

Intersemix will use as raw material solar grade silicon produced by Pragma and, therefore, it represents an exclusive outlet on the European market for it.

Under the trademark Solaris, Pragma will produce cells and panels using the technology originated by Solarex itself, but today widely "incorporated."

"Verticalized" integration of the entire production cycle--supplemented with activity on the systems--makes it possible to control costs in every phase and ensures unified management of the new industry, without which it becomes impossible to achieve sizable reductions in the final price of the electricity produced.

Pragma and Solaris have, up to now, systems in almost every sector typical of the use of photovoltaics: electricity supply to offshore platforms (for feeding safety lights, the safety valve at the well mouth, heliport lights, radiobeacon, fog horn and all remote controls); power supply for RAI [Italian Radio Broadcasting and Television Company] repeaters and radio communications for firefighters; electrification of railway huts for the FFSS [State Railways]; power supply for small stations for picking up and transmitting seismic or meteorological data, power for desalination plants and for systems for civilian rural users.

At present Pragma is engaged, as head of production, in planning and building pilot plants in the European Economic Community: one at Zambelli, in Verona

Province, with a peak power of 70 kilowatts, for water pumping, and one on the Island of Giglio, with a peak power of 45 kilowatts, for refrigeration of food products. It also participates with ENEL [National Electric Power Agency] and Ansaldo in the project for electrifying the Island of Alicudi (80 kilowatts peak power).

In addition, Pragma will be engaged in supplying at least half of the Delphos Project plant, providing for construction, in 1982-1983, of a 1-megawatt photovoltaic powerplant in Puglia.

Some initiatives undertaken abroad (Kenya, Libya, Morocco, Egypt) and in process of determination and they provide for the planning and production of advanced design systems for training specialized personnel in research centers, both to meet the requirements of typical users in isolated communities, model agricultural farms and for newly constructed villages.

Technology and Production Process

The silicon used for manufacturing photovoltaic cells must have very high purity characteristics. Up to now, the world photovoltaic industry has used discarded silicon produced by the electronic industry with a purity much higher than needed and with rather high costs.

This causes the basic material, silicon, to account for 45 percent of the final cost of the product.

Low-cost production, on an industrial scale, of slightly less pure silicon but suitable for the requirements of photovoltaics (solar grade silicon) is, therefore, a primary objective of Pragma. Precisely because of the rapid development of this production process, the cross license agreement on industrial cooperation was stipulated with the Semix Company of the Solarex group. This formula ensures, among other things, a constant exchange of results through a special joint technical committee that Pragma and Semix have set up. The agreement achieved is a first example of a "nondependent" relationship between American and Italian industries.

The photovoltaic cell is the basis of a photovoltaic system. It consists of a thin slice of silicon within which two layers with different electric potential are created with appropriate chemical treatments. When light, carrying energy, hits the cell, free electric charges are generated within it. The difference in potential between the two layers separates the positive electric charges from the negative charges and the electrical contacts, placed on the top and bottom of the cell, collect these charges and make available, at the ends of the cell itself, electric current (proportional to the intensity of the light and the area of the cell), at an almost constant voltage. Thus, for example, if we want to obtain 12 volts, in order to charge a battery, it will be sufficient to connect 24 cells in series. If, later, we want higher currents, it will be sufficient to connect more cells in parallel. With appropriate series/parallel connections, it is thus possible to obtain exactly the voltage and current characteristics desired, with the modularity and flexibility peculiar to photovoltaics.

In order for solar grade silicon to be used in making photovoltaic cells, it has to be subjected to a process called casting from which square-sectioned ingots of polycrystalline silicon are obtained. These ingots are then cut with special saws thus obtaining slices with a thickness of less than 1 millimeter, called wafers.

In view of the importance of this phase in the production process and of the need for providing, at low cost, the silicon wafers needed for manufacturing cells, Pragma has believed it advisable to operate simultaneously on several "fronts":

Its own casting technology has been developed that should make first production possible starting in March-April 1982.

A new company, Intersemix (Geneva), has been established with Semix, which will represent the largest European producer of polycrystalline wafers starting in the summer of 1982.

Establishment at Nettuno

Automation of the production processes for making cells on the basis of wafers for connecting them and assembling them on panels is a determining factor in a reduction of the costs of the final product.

Automation can, however, be used efficiently only with a quantitatively large production. For this purpose, two production lines, derived from Solarex, are in process of being installed in the Nettuno establishment, near Rome. It is scheduled to start operating in May 1982 with a production capacity of 1 megawatt a year, which will be increased to 2 megawatts, in 1983. At the same time, the company's programs provide for the establishment of more lines, at Tito in Basilicata, with a capacity of 6-8 megawatts, in 1986.

Both the operating machines and the automation processes, on which production has been based, are almost exclusively of Italian design and manufacture. Pragma has also started a process of incorporation of Solarex technologies. This operation has already produced interesting results and has made it possible, for almost all the consumable materials, to dissassociate production activity from the need for having recourse to the American market.

10,042

CSO: 3104/120

TERLOUW ON NATURAL GAS, ENERGY POLICIES

The Hague ANP NEWS BULLETIN in English 23 Feb 82 pp 1-3

[Text]

The Hague, February 23 - Economics Minister Jan Terlouw said yesterday the government's budget had become dangerously dependent on revenue from natural gas and that gas imports policies were to be reconsidered.

He told the second chamber's standing economics committee during a debate on the government's energy policy that this year's state budget relied on natural gas to the tune of 22 billion guilders.

He was afraid about the effects of government policies on state budgets in 10 to 15 years' time in view of the possibility of enormous year-to-year variations in proceeds from the Netherlands' own Slochteren reserves.

In the light of this, gas sales policy was to be 'scrutinised carefully', and gas import policy reconsidered, he added.

The Netherlands' own gas reserves were larger than assumed some years ago but despite this imports were necessary and the minister said he was thinking primarily of imports from Norway.

Energy Conservation

Mr Terlouw said plans to sell an additional four billion guilders worth of gas to Dutch power stations this year (followed by two billions in subsequent years) had proved to be impossible.

In view of this he had proposed to the cabinet plans to boost gas sales by three billion guilders a year in the next few years.

The minister denied that the government was doing too little to conserve energy.

Drawing attention to an increase in the investment account (WIR) act premium to encourage energy-saving investments, he said this facility alone was expected to produce an extra 900 million guilders in investments.

The Gasunie's coal gasification project in the Eemshaven port in the north of the country had been delayed because of doubts about its profitability, but Mr Terlouw said he still had hopes for an early favourable decision.

He said this also applied to Shell's coal gasification project at its Moerdijk industrial site, some 30 kms south of Rotterdam.

He said a survey was being held of the financial problems posed by rising fuel prices to people relying on domestic fuel-oil. He was awaiting the results of this survey, expected around the end of March or early April, before deciding on steps to be taken.

Kalkar Reactor

Mr Terlouw expected to have a clear insight within the next few weeks into the legal implications of the Netherlands pulling out of the West German-Belgian-Dutch fast breeder reactor project at Kalkar in West Germany.

He said it was extremely complicated to end Dutch participation in the project. He said political aspects also came into play, for instance the Belgian government's stand.

Mr Terlouw felt that generally speaking the Netherlands should carry on research into breeder reactors.

Gas Prices

Mr Terlouw said that in view of falling energy prices he would not recommend a three cent increase in the natural gas price to be charged to small consumers on July 1, a possibility left open when the price was raised by seven cents on January 1.

He admitted that Finance Minister Fons van der Stee would not be charmed by the idea of abandoning the prices hike.

The minister said he was in favour of revising the rate system for sources of energy, both for small and for large consumers of electricity. A low basic rate and progressive consumer rates for small consumers seemed attractive, he said, and he promised to try and reach agreement with energy companies on a test area for such a rates system.

Mr Terlouw rejected the idea of very large consumers importing electricity from West Germany - where the rates are lower - on a large scale. But in incidental cases such imports would be allowed, he added.

He said that nuclear energy would become interesting once breeding reactors were being used. He agreed that nuclear energy seemed to offer a relatively cheap solution to the energy problem, but he pointed out that some of the problems caused by breeding reactors still had to be solved.

Public Debate

The minister observed that one of the questions to be answered by the steering group which is to lead a 'broad public debate' on the use of nuclear energy was whether the Dutch population was willing to pay the higher cost of other energy if the Dutch nation rejected nuclear energy.

He shared the views of CDA member René van der Linden that the Dutch industry would be faced with 'an unacceptable disadvantage' in competing with foreign companies if Holland rejected nuclear energy.

But he doubted whether the French estimates of relative low nuclear energy prices were correct. He wondered whether the French had taken sufficient account of the future cost of nuclear energy.

Motions

Three motions were tabled during the committee debate.

A CDA motion proposed by Mr Van der Linden called for tying electricity prices for large consumers to the prices of coal. Noting that in West Germany electricity was generated mainly with coal, he said this gave these consumers a large competitive advantage over Dutch industries.

The minister sympathised with the idea, but he still asked Mr Van der Linden to withdraw the motion because of the disadvantages ensuing from carrying it out: less income for the treasury and objections which would be raised by the EEC.

Mr Terlouw also rejected a motion proposed by Liberal spokesman Reinier Braams calling for measures to ensure large industrial electricity consumers of continuity of their activities.

Labour member Mrs Meinie Epema urged the minister in a motion not to raise natural gas rates on July 1. She agreed that the minister had already pledged not to do so. But she felt that the motion might strengthen the minister's position in his consultations on gas rates with the Vegin company which is in charge of natural gas sales.

CSO: 3170/51

BRIEFS

REDUCED PETROLEUM CONSUMPTION--The "petroleum shock" experienced by the world beginning in 1973 and continuing up to 1980 has led many countries in the direction of conservation. Among these countries, Turkey has emerged with a 10.5 billion lira savings thanks to this conservation. In addition to the forced savings brought by the rise in petroleum prices, Turkey also consciously conserved petroleum, conserving 291,000 tons less petroleum in 1981 than in the previous year. The savings in Turkish lira for the petroleum, purchased at \$250 per ton, amount to 10.5 billion lira. Turkey consumed 14,765,386 tons of petroleum in 1980 and 14,473,644 tons in 1981. [Text] [Istanbul GUNAYDIN in Turkish 3 Mar 82 p 5]

CSO: 4654/214

BUNDESBANK PRESIDENT POEHL ON EMPLOYMENT PROGRAM

Bonn DIE WELT in German 12 Feb 82 p 9

[By Inge Adham: "Poehl: We Cannot Soon Become a Low-Interest Country"]

[Text] According to Bundesbank President Karl Otto Poehl employment programs do not help the German economy. In a speech before the Hamburg Overseas Club Poehl countered critics in the Bonn government camp who view the "stabilizing basic adjustment of the policy of the bank of issue" as a hindrance in the hoped for economic recovery.

Poehl stressed that against the background of common concerns about the social and political effects of persistently high unemployment he takes very seriously the criticism that the Bundesbank has yielded too much to foreign trade forces. But in his opinion when this criticism questions the legal mandate of the Bundesbank it is going astray.

In Poehl's opinion this criticism conceals the "weighty consequences" of a policy which ultimately amounts to a demand on the bank of issue "to willingly finance the costs of aberrations which were caused elsewhere and to cover them with the cloak of monetary charity." This in the hope that the real causes of our current difficulties will then evaporate by themselves.

Poehl recalled the relationship of high rates of inflation to investment weakness in the economy and thus also of growing employment problems and referred to the fact that such rates of inflation always accompany strongly rising deficits in the public budget.

The Bundesbank president recommends more restraint not only to the state in its demands. The trade unions, too, which defend the real income of their members, "no matter what it costs," even if only a small part of the social product is available for distribution domestically, endanger the investment strength of the economy and thus employment.

Poehl also defended the strict stability-policy line of the bank of issue with reference to the FRG's improved foreign trade position. The process of adapting to new conditions is completely underway where market forces were able to have an effect. In spite of some negative aspects for the further development of foreign trade he appeared optimistic that "our balance

of goods and services will again be evened out." This is a fundamental condition for getting the domestic economy moving again, too.

Poehl concedes that the exchange rate expectations for the mark, which are linked to improvement in the balance of goods and services (in the past 2 years the mark lost 25 percent of its value in respect to the U.S. dollar) have not yet, or course, been fully realized; he makes "extra-economic" factors responsible for this.

However, there can be not talk of a "flight of capital" from the mark. Rather, the rise in private foreign net capital investments in the FRG from DM13 billion to DM16 billion signals a growing confidence in the mark.

On the other hand, "headaches" for the Bundesbank are caused by state or quasi-state raising of credit abroad in marks, as does the total disavowal, which has been practiced by the U.S. currency authorities for a year, of intervention in the foreign currency market.

A "common dollar policy" by banks of issue, however, cannot only consist in the call for more intervention, but rather must aim at the money policy whose "developments which are decisive for interest development" repeatedly dominate the exchange rates in an undesirable manner.

In his search for any "available latitude for lower interest" Poehl has again grown more skeptical following the most recent U.S. developments.

He reminds us of the fact that the Bundesbank promptly utilized any latitude, "but it must also be clearly understood that we cannot so soon become a definitely low-interest country," Poehl said; for that, preference has too long been given to state and private consumption over the formation of productive capability.

12124

CSO: 3103/292

BANK SPOKESMEN ANNOUNCE CREDIT POLICY TO PRESS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Mar 82 p 14

[Article by "Ss/fz": "Standards Not to Be Relaxed, Baehre Says"]

[Text] Boppard, 9 March—Ever since September of last year, the credit institutions and their subsidiaries in this country and abroad (excluding the national banks) have been submitting consolidated balance sheets on the basis of a voluntary agreement with the federal credit control agency. Initial indications are that the parent banks will no longer be able to adhere to principle I (which roughly speaking calls for credits not to exceed guaranteed capital reserves more than 18-fold) if consolidated capital reserves are to form the basis for principle I. Even when participations of 100 percent or slightly less are consolidated, credit volume is exceeded by DM 40-50 billion. This was announced by Ms Inge Lore Baehre, the president of the credit control agency, at a press roundtable arranged by the German Association of Savings and Transfer Banks.

Ms Baehre said there was no chance that the multiplier factor might be increased under any new credit legislation. This is not the time to relax structural standards, she said; they should be tightened instead.

Ms Baehre also said that "credit pyramids" were helping the banks to undercut credit control standards. That is why control based on consolidated balances would have to be the most important aspect of new credit legislation. She would prefer consolidating participations starting at 25 percent, Ms Baehre said. She would also try to replace the present temporary agreement with a good-faith agreement under which the banks would not exceed the principle I guidelines further and would reduce their credits to permissible levels during a second phase.

The disbursement of 1981 Bundesbank profits amounting to some DM 10.5 billion to the finance ministry next April will not have much of an effect on the Bundesbank's money supply regulation policy, said Leonhard Gleske, a member of the Bundesbank board of directors, at the same meeting. The government, he said, will probably use part of these funds to pay back its cash credit on which it has by now drawn in the amount of about DM 5 billion. Beyond that, Gleske said, the Bundesbank will be able to absorb this "liquidity dose" resulting from the disbursement, since it has exercised short-term controls over the liquidity demand by the banks by conducting pension securities transactions.

9478

CSO: 3103/346

SCHLOEMANN-SIEMAG TO DELIVER ROLLING MILL TO CHINA

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Mar 82 p 15

[Article by "cbn": "German Rolling Mill to Go to China After All"]

[Text] Peking, 2 March—With the signing of an agreement in Peking, the contract—cancelled last year by the Chinese—for delivery of a cold rolling mill valued at DM 1 billion by Schloemann-Siemag of Duesseldorf to the Baoshan steel combine near Shanghai has been revived. Both total deliveries and the conditions of the contract are the same, as Schloemann board of directors chairman Heinrich Weiss announced in the Chinese capital—except for delivery dates. The Chinese counterparts agreed to the proposal made by Schloemann-Siemag to delay delivery and assembly of the plant—which will be among the most modern in the world—by 3 years beyond the original schedule. Peking was also given the option to ask for a further delay of 2 years. This means that the plant will be in operation sometime between 1988 and 1990.

Planning and construction work which was terminated when the contract was cancelled a year ago has already been resumed and is proceeding according to the old schedule—minus the one-year interruption. Financing arrangements, based on a mixed $8\frac{1}{2}$ percent interest rate, also remain unchanged. Peking has agreed to a 16 percent price increase to compensate for the 3-year delay.

The Chinese were very appreciative about the fact that the German side helped find a way out of the muddled situation brought on by the cancellation. The cold rolling mill is part of the second expansion phase of China's largest steel combine. The entire project also was in danger because the site of the combine was not considered optimal due to poor topographical conditions and an unfavorable infrastructure. The warm rolling mill, contracted for with Japanese firms and to be superposed upon the German plant, is still being held in abeyance.

As the re-negotiations of a number of major projects cancelled early last year show, the wave of cancellations was at least as hasty as the conclusion of the original contracts. The indemnity claims Peking was confronted with and had quite obviously failed to calculate accurately forced the Chinese economic chiefs in many cases to work for a "retraction of their cancellation."

9478

CSO: 3103/346

BUDGET PRESENTED, ECONOMIC PROSPECTS SEEN DRAB

Paris LE MONDE in French 11 Mar 82 p 32

[Text] Athens--Andreas Papandreou's socialist government has presented to Parliament its 1982 budget, which has gone from 683 billion drachmas in 1981 to 923 billion, with a 237-billion-drachma deficit, compared to 251 billion for the preceding year.

The 35 percent increase in budgetary expenses is specifically related to the agricultural and social sectors, the armed forces, education, culture and quality of life. As for productive expenses, they present a 40 percent increase with 72 billion drachmas, or 8 percent of the total budget. In the absence of private investments, which continue to stagnate, public investments will amount to 125 billion drachmas, 111 billion of which will be covered through domestic and foreign loans.

Receipts will rise by 59 percent, following a reform in the rate of direct and indirect taxations. The former rises from 125 billion drachmas in 1981 to 183 billion (up 46 percent), while indirect taxes go from 255 billion in 1981 to 394 billion (up 55 percent). However, the government has eased a number of tax burdens (large families will be some of the principal beneficiaries) while intensifying the fight against tax evasion and fiscal fraud, which represent about one-third of total budgetary receipts.

New taxes are applied to various imported luxury goods, and Greeks will face additional increases in the price of beverages, cigarettes, milk, pharmaceutical products, etc. They will also pay more for public services: water, electricity, telephone, transportation, mail rates, as well as be taxed for winnings in lotteries and on soccer matches bets. These prospects cannot but aggravate the gloominess engendered by commercial stagnation and daily concerns.

The rightist opposition terms the budget "mammoth," and claims that the tax burden will boost inflation by 7 percent. As for the extreme left, it estimates that this budget does not fulfill the hopes of the workers and that the socialist government is not carrying out its electoral promises. The extreme left would have wished more in-depth reforms of the fiscal system and a less conformist budget. However, in an 8 March television address, Papandreou emphasized that his government, having inherited a nearly bankrupt economy and a number of social problems accumulated by the right during its 7 years in power, could only start on the road to recovery by using prudence and realism.

The prime minister believes that this--transitional--budget will facilitate the implementation of the 5-year development plan and will do away with inflation, while also preparing for renewed economic take-off. However, prospects remain rather drab, with an inflation which should rise to 24 percent and an unemployment rate officially affecting 3 percent of the active population; these rates become even higher considering the number of young people searching for first-time employment, an agricultural sector with its seasonal manpower and the increasingly more frequent and numerous temporary jobs.

CSO: 4619/68

PUBLIC INVESTMENT BUDGET FIGURES REVEALED

Athens BUSINESS & FINANCE in English No 183, 27 Feb 82 pp 10, 11

[Text]

In the table that follows, we present the figures of the Public Investment Budget for 1982. These figures have just been released by the government and they provide the first hard evidence about the directions that the Pasok administration is charting out.

At first glance it looks as if the 33% increase in total outlays, as compared to 1981, is quite impressive. In effect, from these figures alone, one might be justified in claiming that:

- there has been a change in emphasis, as witnessed by the percentile distribution of expenditure as amongst different uses
- the government is not banking on the private sector to carry out investments
- equally, the government appears to be committed to an expansionary path for the economy.

Yet the situation is not exactly like that. Alongside the 1982 figures we publish the corresponding figures for 1979, 1980 and 1981, as well as the percentile distribution of expenditures in each of these years and the percentage change of the level of expenditures from the one year to the next. From these, the following tentative conclusions may be drawn:

- when inflation is taken into account, the level of expenditure for 1982 is the same as that of 1979. Thus, in real 1979 prices, there is no difference between 1979 and 1982. Or, to put it another way, the level of expenditure for 1982 is exactly what is required if public investment activity is to be kept at the same level as 1979.

All in all, it may be said that the Public Investment Budget is not really expansionary. An alternative way of looking at the figures is to examine the level of expenditure in terms of real 1970 prices and to express public investment expenditures as a percentage of GNP. Thus, in 1979, the 67.8 billion drachmas, when translated into 1970 prices, amount to 5.6% of 1979 GNP, which is also expressed in 1970 prices. In 1981, the budgeted 94 billion drachmas amounted to about 4.6% of GNP, all expressed in 1970 prices. In 1982, the budgeted figure of 125 billion drachmas is no more than 4.8% of GNP (again all these magnitudes are expressed in 1970 prices). The assumption is of course made that the average rate of inflation in 1981 went up by 24.5%, and that in 1982, it will go up by 23% - an assumption supported by both Professor Klein and the OECD. It is also assumed that in real terms, GNP went up by 1% in 1981 (and we will have to wait for the official figures to determine this), and that in 1982, GNP will go up by about 2%, which is what the government itself is forecasting.

- the change in emphasis as far as the allocation of the investments is concerned cannot be properly deduced from the percentage change from the one year to the next. Thus it is important that the percentile allocation of resources be examined. In this case, we see that the significant increases are concentrated in the following categories: tourism, museums and cultural

activities, health and welfare R&D-technology and water systems and sewage. It must be noted, however, that while the latter two categories show an increase of 0.5 percentage points each, expenditures for agriculture, industry and energy and transportation, have also been reduced by something like a 0.5 percentage point as well.

In general, it may be said that the new public investment budget provides no major surprises. The near doubling of expenditure on tourism etc. does come as something of a surprise at a time when there are some well known problems with respect to the control of public expenditure. Yet, the change is within the philosophical directions that the government has adopted. If there is a surprise, this lies in the fact, that the expenditure for education shows no important improvement. In

absolute terms investment will go up by 35%, but in terms of the percentage allocation of the funds education gets 8.64% in 1982 as compared to 8.51% in 1981. Equally, the decrease in agricultural investments, when the party drew so much of its strength from the farmers, may be considered as unexpected.

One final point. We have compared budgeted, rather than realised, expenditures. We feel that at this stage this comparison is more accurate and desirable, since what we are talking about are intentions. However, when the budget is finally published, figures on realised magnitudes will be available. And then it will be interesting to see how far Pasok has diverged, not from the intentions, but from the practice, of the New Democracy government.

Public Investment Budget, 1979-1982 Budgeted expenditures, in mil. drs.

	1979	% distr.	1980	% change	% distr.	1981	% change	% distr.	1982	% change	% distr.
Agriculture	2,600	3.83	1,950	-25.0	3.36	2,270	16.41	2.41	2,450	7.92	1.26
Forestry-Fishing	1,400	2.06	1,340	-4.29	2.31	1,650	23.13	1.75	2,000	21.21	1.60
Irrigation	4,500	6.63	3,410	-24.23	5.87	4,720	38.41	5.02	6,400	35.59	5.12
Industry-Energy	5,250	7.66	3,950	-24.77	6.81	4,900	24.05	5.21	5,000	2.04	4.00
Transportation	6,700	9.88	6,350	-5.23	10.94	9,160	44.25	9.74	11,250	22.81	9.00
Railways	1,400	2.06	1,500	7.14	2.58	1,900	26.66	2.02	2,150	13.15	1.72
Tourism-Museums	1,700	2.50	1,250	-26.48	2.15	2,130	70.40	2.26	5,000	134.74	4.00
Education	9,200	13.56	5,800	-37.00	10.00	8,000	37.93	8.51	10,800	35.00	8.64
Housing	1,000	1.47	800	-20.00	1.37	650	-18.75	0.7	1,250	92.30	1.00
Health-Welfare	1,400	2.06	1,300	-7.15	2.24	1,570	20.76	1.67	2,800	78.34	2.24
Water systems- Sewers	4,800	7.07	2,700	-43.75	4.65	2,200	-18.52	2.34	3,450	56.81	2.76
Public Administration	1,050	1.54	750	-28.58	1.29	1,050	40.00	1.11	1,430	36.19	1.14
R&D-Technology	-	-	1,700	-	2.93	2,440	43.52	2.59	3,800	55.73	3.04
Public Works at the nomos level	5,200	7.60	6,750	+29.8	11.63	10,910	61.62	11.60	19,000	74.15	15.20
Various	17,550	25.88	12,950	-26.22	22.32	29,300	26.25	31.17	36,090	23.17	28.87
Administrative Expenses	-	-	-	-	-	1,250	-	1.32	3,150	152.00	2.52
Public works for the Athens-Salonika Areas	2,500	3.68	3,500	40.00	6.03	4,900	5.21	6.550	33.67		5.24
Total	67,800		58,000	-14.46		94,000	62.06		125,000	32.97	32.97

CONTINUED SLUMP IN PRIVATE SECTOR INVESTMENT ANTICIPATED

Athens BUSINESS & FINANCE in English No 182, 20 Feb 82 p 8

[Text]

The National Statistical Service, always somewhat behind the times, has just released figures concerning industrial output in Greece. For the month of November, 1981, by itself, in comparison with November, 1980, there was a 3.1% increase in industrial production. However, the entire January-November, 1981 eleven-month period showed a decline in production of 1.3% when compared with the same period in 1980. A drop in the production of capital equipment goods off-set and surpassed a modest increase in the output of consumer goods and durable consumer goods, giving the final negative average. The decline in output of capital equipment goods is easily explained by the fact that investment in new industrial or other productive plants has been in sharp decline for more than a year. As the revised version of Law 1116/81 concerning incentives for industrial

investment has not yet been sent up to Parliament to be debated, it would be unreasonable to expect this investment slump to vanish in the very near future. What is more likely is that the debate will be watched closely by the business world and so will all amendments which may be proposed and passed or rejected. When the new law has taken its final form and has been gazetted, detailed examination of its clauses can be expected together with the inevitable chain of queries requiring interpretation by Ministerial circulars, if one is to go by past experience. Then, only, can some cautious moves towards investment by the private sector be expected. This is most unlikely to happen before the June 1982, deadline, set recently by Prime Minister Andreas Papandreu, who said that if the private sector had not begun to invest by then, the State would do so instead.

CSO: 4600/341

GREEK-FRENCH-SOVIET POWER AGREEMENT

Athens BUSINESS & FINANCE in English No 182, 20 Feb 82 p 30

[Text]

Minister of Industry and Energy Anastasios Peponis announced last week that the Cabinet has ratified the agreement, signed last October, between the Public Power Corporation (DEI) and a Greek-French-Soviet consortium, for the construction and installation of two lignite thermoelectric plants in Amyntaion, Ptolemais, of a total capacity of 600mw.

The consortium consists of the Greek company Viokat, the French companies Alstom and Stein and the Soviet company Energomax-Export. The whole project will cost about 15 billion drs. and it is expected that the first unit of a capacity of 300mw will be delivered on January 1, 1986, and the second on June 1, 1986.

For the implementation of the project, the companies have contracted loans from French banks (85%) and Greek banks (15%), with an interest rate of 8%.

CSO: 4600/341

TRANSPORT MINISTER ON STATE OF CIVIL AVIATION

Rome AVIAZIONE in Italian Nov 81 pp 716-717

[Interview with Vincenzo Balzamo (PSI), minister of transportation. Date and place of interview not given.]

AVIAZIONE was granted an exclusive interview with the Italian minister of transport Vincenzo Balzamo (Italian Socialist Party). The questions put to the minister centered around the current state of civil aviation in Italy. In his answers the minister tackled numerous subject such as the reorganization of the ministry of transport civil aviation general management, minor airports, the relationship between state and private capital in the running of civil air transport and which appears even more serious when compared with the current air transport situation of other EEC countries.

[Text] [Question] 1980 was not a good year for worldwide air transport and Italy was not immune to its negative aspects. In the decade of the 1970's however, air transport on a worldwide basis reached new heights in traffic volume increases. All European carriers were able to take advantage of this favorable situation with the exception of Italian air transport, which by a large margin, was last on the list. We ask if in your opinion the time has come to implement a concrete and above all innovative government policy that will affect plans and management. Also, in case of an affirmative answer, what political initiatives do you plan in order to prevent our country from remaining in an embarrassing last place in European air transport?

[Answer] Obviously air transport is not immune to the economic recession, which is of worldwide proportions. To that must be added the cumulative effects of several deregulating initiatives which, especially over the North Atlantic, have unleashed a harsh competition among the airlines, and which resulted in a veritable financial disaster. Italian civil aviation is affected by both external ills as well as the most common domestic ones. It is useless to deny the fact that there are wrongs: They are numerous and they are serious. Some can be corrected over the short term, others require time and resources. Equally harmful would be a skeptical or defeatist attitude which did not take into account the reality of events. And the reality is

that from 1960 to the present, Italian civil aviation has made great strides. To give a proper idea of our situation, I can state that according to ICAO [International Civil Aviation Organization] statistics, we place 13th out of a total of 145 countries and 6th in Europe when compared to CEAC's 22 other affiliates. Perhaps this addresses your concern regarding our standing. Having said this, however, I must admit that compared to some years ago, we are falling behind. Italian air transport is not as competitive, and it is difficult to pinpoint the causes and the blame on a specific sector for such a lack of productivity. What is certain is that Italian air transport is in a state of crisis. Both internal and external problems affect the company, touching on organization as well as management facets together with human behavioral problems (the so-called microconflict), which in this sector have produced devastating effects. If the ominous effects of inflation are coupled to the above, the situation reaches truly alarming proportions.

What can we do? The government has already put into effect various economic measures of a general nature with which to face the present crisis and which will halt the inflationary spiral while at the same time avoiding further increases in recession or stagnation.

With regard to my tensure of office, I think your readers will be more interested in the concrete measures which I enacted and the effect they will have rather than a political-programmatic account in which one could outline what could be done were there no time or monetary limitations hindering the minister's actions.

It is my opinion that pressure should be brought to bear on the public administration in order to organize offices and the wherewithall which would allow it to carry out those functions assigned to it by law. Some measures are already being examined by Parliament. But hardly a day goes by in which new opportunities aiming at acting efficiently and in a coherent manner to resolve long standing problems have come to the fore. Look at Fiumicino (airport): at the present, it is civil aviation's thorniest problem. I set up two committees of experts, from the outside, to check into the functional aspects of managing the airport, the services' level of expertise and the incidence of microconflict in the airport which, among others, is about to explode. If the airport is not enlarged, one runs the risk of severely curtailing air traffic growth. At a later date, the situation will call for coherent action of providing the administration new means with which to act.

This commitment to coherent action, I hope, in all modesty, will be the main characteristic of my policy management of the Ministry of Transportation. In order to impart the measure of such a commitment, please bear in mind the enormous efforts to launch the new organization for aid to flight (ANAV), the effort to coordinate the demands made by social behavior pressures with the needs of the companies and labor union meeting is to convene soon). It seems to me that the main objective to pursue urgently is the defining of normative and organizational conditions in order to allow the public administration to function, and to review old production frameworks which have shown to be inadequate in meeting the needs of a modern society.

[Question] The Itavia Case continues to be the focal point of public opinion, which gives the impression there is a current at hand that aims at abandoning a pluralistic approach while favoring public companies and capital. Someone has even mentioned "political terrorism" aimed against the management of Engineer Velani and even though the phrase may seem a bit heavyhanded, it nevertheless belies a state of deep uneasiness felt by the personnel of air transport. We ask if you believe that given the conditions and the premises, would it be possible to solicit the introduction of private venture in the development of Italian air transport? What will the government's attitude and your attitude in particular be regarding the problem of doing away with the negative impression that aims at excluding private capital from Italian air transport?

[Answer] There are no legislative or political barriers to private investment in the sector of air transport. The Itavia company, as is known, found itself in grave financial difficulties, which led legislative authorities to have it declare a state of insolvency and initiate bankruptcy procedures. The Minister of Transportation could do nothing more than take note of the situation and attempt to counsel, in the best manner possible, the users of air transport, as was in fact the case. At a later date, the Minister of Industry set up an extraordinary panel charged with examining the possibilities of financial and operational recovery of the company by submitting a technical and economic plan of the company's activities to the appropriate authorities.

[Question] Honorable La Malfa, during the labor union disputes which have so traumatized the air transport sector formulated a proposal to invite other European air carriers into the Italian national transport field, in total compliance with the norms called for by the treaty of the European Economic Community (EEC). Within the EEC itself, regarding this sector, the application of the treaty, in toto, has been demanded for quite some time. What does the Italian government think about this and what kinds of problems can result from the full application of the treaty in Italy?

[Answer] I am not familiar with what Honorable La Malfa said, but I don't think labor union disputes--in Italy as well as abroad--can be solved by hiring foreign workers and enterprises to take the place of striking employees and of national companies. This is not what was meant by the Treaty of Rome. Regarding the other problem of extension of commuter regulations to transport aircraft, the Italian position is one of caution as well as being constructive. This is also the position of almost all the other countries in the community. Italy believes in Europe and furthermore sees short-range air transport as a means of harmonious progress for all partners to be part of a framework of an all-encompassing policy of transport within the EEC. Unfortunately, there are still some currents that run counter to these needs for harmony, which aim toward strengthening the principle of free competition. Although we understand the problems of those governments that have too many airline companies (the UK alone has more than 30, of which 10 are of a continental level) and that have to make up the losses incurred over the North Atlantic routes by funding, as quickly as possible, new outlets, we are not very inclined to pay the cost of political decisions made by others. The tariff war, made even worse by a world level economic crisis has already brought about too much harm, in financial terms and in terms of employment, to want to prolong it. In our opinion, the community is founded on cooperation, on mutual interest and not on commercial competition, in which there are no winners or losers.

[Question] In Italy there is much talk about establishing a third level air transport service. Present day airport policy appears to favor large airports, to the detriment above all of "minor" airports, without which, however, this new level of transport cannot even be thought of. In order eventually to bring forth a policy favoring "minor airports", it is also necessary to couple it with another developmental plan for general aviation (namely aircraft maintenance, air clubs, flight schools etc.) without which the management of such airports would not be possible, were they to rely solely on third level airline business. We therefore ask you if there is, in reality, a plan by the government to support third level air transport. Also, what actions are planned with regard to the minor airports themselves?

[Answer] It goes without saying that the country's attention is focused primarily on the busier airports. However, the government, for the very reason of attempting to put smaller airports (of which in Italy there are an abundance) to better use, views with great interest possible initiatives aiming at the establishment of third level airline companies. Present laws, as amended by the passing of Law 862/80 defines this type of activity, which is open to free initiative with total risk assumed by the company.

[Question] In 1981, fires have ravaged vast wooded areas and have greatly harmed the national patrimony. Several times proposals were presented with the scope of organizing the general aviation sector for anti-fire warning duties; actions of this sort implemented by some of the regions have yielded positive results: it involves approximately 1,700 airplanes of which about 1,000 owned by public organizations such as the Aero Club d'Italia. What is missing is a guidance procedure for aviation intended to facilitate this kind of activity. The present guidance actually can be viewed as one that penalizes. We ask if your ministry has faced this problem and which actions will your ministry take in order to include other ministries interested in this matter so as to confront what has been defined as a veritable national calamity?

[Answer] This problem is the particular responsibility of the civil protection sector of the Ministry for Internal Affairs, while the Ministry of Transportation assures that these operations, due to limited capability of the equipment involved, take place in conditions made as safe as possible. That present aviation legislature penalizes anti-fire or aerial work activities is not exact. It is a fact that the use of airplanes and helicopters against forest fires has come a long way and that there are several aerial work companies that thrive in this field of endeavor.

[Question] Almost all Ministries of Transportation of the preceding governments, including that of your predecessor Formica, have noted the anachronistic inefficiency of the civilian aviation bureaucratic apparatus, based among others on parliamentary fact finding groups. They also presented legislation aimed at urgent and drastic change. It has become known that you plan to increase Civilavia's personnel by 400 employees. We ask for you to share with us the logic behind this proposal, if one considers that the most grave deficiencies have always centered around mid-level and management-level personnel.

[Answer] Parliament is presently examining a bill to reform the civil aviation's top echelon department. However, even if Parliament were in favor of the bill, a certain amount of time is needed before it is approved. Once the law will be in effect, however, the real reform of the DGAC will still be in the making because it is not enough simply to identify an organizational model in order to give it content. Whether civil aviation remains a general transportation authority or changes over to a stock company it will not be able to function with little more than 1,000 employees for all of Italy, which is much less than the personnel employed in a medium-size airport or in a section of the municipality of Rome. In addition, the bill which Parliament should approve gives the government real power to restructure the sector, and that will involve time in addition to resources. In the meantime, the country can't simply just wait. For the good of all concerned, the reform bill should be enacted. The functional corrective measures affecting the administration also should be enacted as soon as possible. Training of personnel, better organization of present management, mechanization of procedures, set up of normative and technical means for the functioning of state responsibilities, a national school for civil aviation and control mechanisms for flight safety are urgent goals and do not interfere with the bill now being examined by the Senate. On this point I think all are in agreement that it would be absurd if, given the present situation, one simply did nothing, in the presumptuous precept that any sort of activity whatever could compromise any future plans.

9209

CSO: 3104/97

DEN UYL ANNOUNCES PLAN TO CREATE 30,000 JOBS

The Hague ANP NEWS BULLETIN in English 3 Mar 82 pp 8-9

[Text] The Hague, March 2 --Social Affairs and Employment Minister Joop den Uyl today presented the first version of a job-creation plan to parliament which should produce between 25,000 and 30,000 new jobs this year.

Moreover, the plan envisages measures on the labour market to reduce the growth of the number of jobless this year by 30,000.

A second version outlining his plans for the period up to 1985 would be presented to parliament before the end of this year.

Mr Den Uyl told a press conference that over three billion guilders were available for his present plan. This amount would be spent in approximately equal shares over 1982 and 1983, he said, adding that the plan would be financed by an extra appeal to the capital market, lowering the WIR premium on investment and higher tax rates.

Ten million guilders would be made available for drawing plans on the redivision of work per branch of trade and industry. Subsidies for such plans would amount to 40 percent of the cost with a maximum of 50,000 guilders per plan.

The cabinet proposed the establishment of a steering group jointly with employers and workers representatives for a joint approach of the redivision problem, Mr Den Uyl said.

This year 57 million guilders would be made available for one-time subsidies of up to 4,000 guilders each for splitting full-time jobs into shared jobs of at least eight hours a week and at most 32 hours a week.

Mr Den Uyl said the cabinet urged employers to make the largest possible number of vacancies available for share jobs and to allow present full-time workers to switch to shared jobs. The government would investigate shortly whether it would be possible to state with every vacant 40-hour a week job whether it could split up into two shared jobs.

The FNV trade union federation said in a first reaction it regarded the minister's plan as "a first urgent and necessary step which called for further clear-cut measures."

Mr Den Uyl's labour party saw this first version also as a first step forward towards the integral employment policy envisaged.

The chairman of the VNO employers federation, Mr Chris van Veen compared Mr Den Uyl's plan to "the body of a very expensive car without an engine."

CSO: 3120/50

REPORT CONFIRMS LACKLUSTER 1981 ECONOMIC PERFORMANCE

Lisbon O JORNAL in Portuguese 19 Feb 82 p 26

[Text] The most recent edition of the report bulletin of the Portuguese Bank of the Atlantic, SINTESE DE CONJUNTURA, for December 1981, stresses the lack of dynamism in the Portuguese economy last year, as well as the lack of certain prospects for recovery.

"Despite the slightly more favorable development of certain indicators beginning in the second third of the year, in particular where investments, and to a certain extent, employment, were concerned, the continuing stagnation or deterioration seen for other indicators, of particular importance for the foreign sector, lead to an expectation that the downward phase of the economic situation will be prolonged," the periodical says.

According to this same publication, the prospects for a rather slight recovery in demand abroad, where structural problems are becoming increasingly obvious, along with the predictable shrinking effect of the economic policy recently adopted, may "postpone the advent of the turning point."

The issue of the periodical now released by the Portuguese Bank of the Atlantic summarizes the economic situation in 1981, stating that the year was characterized by stagnation of the level of economic activity and the definite aggravation of the foreign deficit.

In the foreign accounts sector, the statement by Cavaco Silva at the Algarve Congress in Albufeira to the effect that the deficit in the current accounts balance came to 2 billion dollars (about 140 million contos) in 1981, a record figure, was widely publicized this week.

The former minister of finance added that Portugal will have to turn to foreign sources this year for credit totaling 3 billion dollars (about 210 million contos).

None of these figures is really news, since the deficit in current accounts was already known, but the quantification of the foreign credit needs of the Portuguese economy for this year is however significant.

Moreover, the statements by Cavaco Silva to the effect that the economy showed growth of only between one and two percent, and that the same is likely to happen this year, as compared to the five percent he urged, while the inflation rate in 1982 will exceed 17 percent, are of a certain significance.

In fact, any one of these statements seems to constitute a frontal criticism of the economic policy of the Democratic Alliance government, as excessively restrictive.

Returning to the analysis of the economic situation by the Portuguese Bank of the Atlantic, it appears that industrial production will not have increased more than one percent in 1981, after 5 years of noticeable expansion (an annual average of 7.5 percent).

The first half of 1981 was characterized by increasing unemployment, with the expectation, according to the Portuguese Bank of the Atlantic, that the annual results will not show an improvement in the situation.

Despite the fact that reasonable movement can be seen, investment shows signs of weakness as of the third quarter in the construction sector. The gross increase in capital invested in fixed assets for the year as a whole should come to about six percent.

The Portuguese Bank of the Atlantic believes that the purchasing power of workers deteriorated in 1981 due to factors beyond their control, in view of the development of consumer prices and the reduced incidence of contractual increases in the second half of the year.

5157

CSO: 3101/24

FOREIGN INVESTMENT LAWS DEEMED UNDULY RESTRICTIVE

Madrid ACTUALIDAD ECONOMICA in Spanish 18 Feb 82 pp 18, 19

[Commentary by Luis Jorquera Garcia, licensed stockbroker, former official of the General Office of Foreign Transactions]

[Text] The Spanish legislation on foreign investment basically consists of the Law and Regulation on Foreign Investment in Spain, passed in 1974. These two instruments, despite their preambles and their characterization at the time by the political officials responsible for such matters, are extremely restrictive and repressive in comparison with the regulations they replaced. Thus, practically all purchases of real property by non-residents that do not constitute "second residence" purchases are subject to prior authorization by the General Office of Foreign Transactions (as opposed to a complete absence of such regulation under the old law). As for foreign investment in Spanish corporations, which is quantitatively and qualitatively more significant, prior authorization is required for non-residents and alien residents (whose investments in ordinary pesetas were not considered foreign under the old legislation) to obtain more than 50 percent of the capital stock of a Spanish corporation.

In addition to the increased control, because the Law on Foreign Investments is a revised text another legal feature was added: the latter administrative authorization, no matter how small the investment is, must always come from no less than the Council of Ministers. The upshot is that this important and busy administrative body must study and, where appropriate, approve the installation of Ford in Spain as well as the establishment of a small business, if the foreign investor wants to use a Spanish corporation in which he owns more than 50 percent of the capital.

It is obvious that this legal imposition, which contributed enormously to the red tape, damaged the administration as much as the private parties, who often gave up trying to have their majority capital legally recognized, preferring to resort to the old system of "straw men." This great flaw in our legislation, along with the practical failure of the decrees designed to liberalize foreign investment, promulgated in 1974 and 1976, and the beginning of our negotiations with the EEC, led the General Office of Foreign Transactions, which is responsible for these matters, to draw up some new

regulations on foreign investment. These regulations would not only rectify the serious defect noted above, but would also pave the way for a new--this time real--liberalization.

Real Liberalization

These regulations were first revealed at the "B.O.E." of 6 April 1981, in the form of Royal Decrees numbers 622 and 626. Their principal virtue is not, of course, order and clarity. They are confusing even to an expert in the field, because of the struggles that can be discerned in their articles, between the more liberal position of the Ministry of Economics and Finance and the more restrictive position of the Ministry of Industry and Energy. However, even with the sectorial restrictions imposed by the latter ministry, the liberalization is significant and real. Focusing only on the fundamentals, we can sum up the regulations as follows:

1. The investments made by alien residents of Spain in ordinary pesetas are excluded from the concept of foreign investment, as long as they are not in a sector covered by specific legislation on this matter.

2. Foreign investments in real estate and branch offices are liberalized in that they are exempt from prior authorization, and are subject to mere "verification" by a simple form, if they are made with foreign funds and do not exceed 25 million pesetas.

3. Foreign investments in Spanish corporations are liberalized in several aspects, with two general limitations: that they not be in a sector specifically controlled by legislation, or in any firm related to electronic, informata processing or non-basic chemical activities, or in a sector with a reconversion plan. The liberalized aspects are as follows:

- A) Constitution: No prior administrative authorization is required; only the above-mentioned verification is necessary for a Spanish corporation to be constituted with foreign funds and with a majority of foreign capital, as long as the capital stock does not exceed 25 million pesetas or, if it does, its corporate purposes are limited to the manufacture of goods included on the List-Appendix of the Customs Tariff.

- B) Capital expansions: Corporations with a majority of foreign capital may make such expansions simply by obtaining the above-mentioned "verification," as long as that expansion does not increase the percentage of foreign capital and either the investor has individual administrative authority, makes the expansion with foreign currency and the expansion is in response to the "normal" growth of the corporation; or the expansion is charged to reserves or to regularization accounts.

Dissatisfaction

The reader must be thinking: You're right, it is a little complicated, but it sounds like real liberalization. Moreover, the defect that the Council of

Ministers always had to authorize any foreign majority holding in a Spanish corporation, has been corrected. Now, what's the problem? Well, the liberalization, as it has turned out, especially with regard to the constitution of corporations, does not meet the satisfaction of . . . the General Office of Foreign Transactions itself. Yes, you read it right. In the end, after so many people intervened, and the regulations were consulted so many times, and so many exceptions and exclusions were added, the result does not suit either the agency that must directly enforce it (the General Office of Foreign Transactions) or, consequently, the Ministry of Economics and Commerce that drafted the regulations, or at least initiated them. Is there a logical explanation for this? Yes.

In the first place, it must be noted that not even the Ministry of Economics and Commerce was convinced that foreign investments had to be liberalized. It was convinced, however, that the process had to be streamlined and the competent agencies had to be decentralized. But as for liberalization itself, there were a lot of opinions in favor of postponing it until immediately after we join the EEC, and including it in the series of reforms to be presented by the Spanish Government. In addition to this lack of serious conviction (or difference of opinion, if you will), the director general of Foreign Transactions was relieved of his post immediately after the new regulations were promulgated.

In the second place, returning to what we said earlier, the liberalization--leaving aside the many excluded sectors--is very genuine; so much so, that we are right on top of what some founding members of the EEC, like France, have done. Thus, sectors such as real estate or trade, to give two examples, have remained practically free of foreign capital, through the establishment of Spanish corporations. It is enough simply not to allow the capital to exceed 25 million pesetas, and to place no limitation, "theoretically" (in the regulations), on the scope of the corporate objectives or in terms of minimum capital. Obviously, there is a control on the possibility of foreign penetration, and it consists of the need for corporations established in accordance with this liberalization, to obtain specific administrative authorization to expand their capital. But this assumes that they need to expand their capital . . . because with the liberalization of foreign credit, foreign endorsements and access to domestic credit, resources of another kind can be obtained in more than sufficient quantities.

In sum, it appears that, to begin with, there was no unanimity of opinion on the liberalization of foreign investment. And to top it off, because the regulations have passed through so many hands, the resulting liberalization has perhaps exceeded what was foreseen, and at any rate, goes beyond what the officials in charge want. So what happens next? There will be an attempt, if possible, to correct the unwanted parts of the new provisions so that a foreign investor who has submitted the famous form to "verify" the establishment of a corporation that will be devoted to the purchase and sale of real estate, will soon receive a letter from the General Office of Foreign Transactions telling him that he must "explain" his real estate deal. This demand is very plausible, but . . . clearly illegal.

Options

If the objective is to provide for or propose a policy on foreign investment, the effort must begin on the premise that Spain has been for a long time, and still is now, a country "elected" by foreign capital. Thus, it has such strong and extensive ties with that capital that the Spanish Government's policy on foreign investment is tremendously influenced by that factor. Because of the importance of foreign investment in the balance of payments and the investment rate, and the attitude of the Spanish Government toward foreign capital, we cannot afford not to be liberal with foreign investments. Now, it is one thing to be liberal and another to undertake a liberalization program, although they sound the same. Because foreign investments can be favored and encouraged even while they are being subjected to prior authorization, if there is a smooth procedure, logical, publicly-known criteria, etc. In conclusion, the liberalization that has taken place was not strictly necessary, and of course, if it was done with our entry into the EEC in mind, it does not appear that anyone has hastened to thank us for it.

But the fact is, it is there. Once established and promulgated, it is politically impossible to turn back the clock and eliminate these regulations at the stroke of a pen. Listen to the EEC! Thus, the options are limited to:

--Leaving things the way they are and, through the de facto route illustrated above, "adjust" the liberalization to the real criteria of the Spanish Government. This option, which could be valid for a short period of time, cannot be generalized, if only for its lack of legal coverage and the problems it could entail for foreign investors or governments.

--Modify the liberalizing regulations, adding some "safety clause" to allow the General Office of Foreign Transactions to legally reject certain foreign investment schemes, or at least "redirect" them according to existing criteria. This kind of clause tends to be drafted so loosely and generally that it allows the administration to do practically anything. Thus, in the case of spanish investments abroad, the expression "when a plan, because of its amount, speculative nature or financial characteristics, could have negative consequences for the national economy," is used. Perhaps it would be too broad and indefinite to apply to foreign investments in Spain, where the foreign investor (whom we officially want to attract) cannot be given the impression that we want to hinder his investment or, worse yet, that the Spanish Government could behave arbitrarily when it comes time to decide whether to grant the necessary authorizations or verifications. For this reason, it would be better to be more specific about the limitations of the "safety clause" or, at any rate, give maximum publicity to the practical criteria which will apply.

Nonetheless, along with these possible options, which affect the general framework of liberalization, there is another very important issue that is not receiving the proper attention. That is the abundant, detailed legislation on foreign investments in specific sectors. It was declared effective

by the Law on Foreign Investment of 1974, and it has remained completely outside the liberalization program and even the regulations on the deconcentration of jurisdictions. This means that the legal dispersion and even juridical insecurity of this matter are even greater. It appears that in some cases there could be a review to determine whether the reasons that may once have called for such special regulations governing foreign investments in specific sectors of our economy, still exist. In general, the Ministry of Economics and Commerce should exercise effective control over the drafting of new norms of this kind, not only to avoid the Spanish Government's terrible tendency to take action in isolated compartments, but mainly to promote and direct a coherent and orderly policy on foreign investments within the framework of the economic policy of the Spanish foreign sector.

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FOREIGN INVESTMENTS DOWN 7.9 PERCENT IN 1981

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[Article by Jose R. Roca and Sol Nunez]

[Text] The number of authorized direct investments of foreign capital in Spanish corporations with a majority of foreign capital, reached 820 transactions in 1981, a 154 percent increase over 1980. The reason is the liberalization decree of April 1981. If the number of investments has soared spectacularly, however, the same has not happened with the amounts. The total amount of money invested by foreigners under this formula was 78.604 billion pesetas, a 7.9 percent decline from the 85.415 billion pesetas authorized in 1980.

Experts feel that foreign capital is behaving logically in this kind of transaction. The crisis in industry, construction and the real estate sector, along with the absence of the large operations of years past, such as those of Ford and General Motors, have been determining factors in the drop in foreign investment in Spanish companies. We have only to look back in the past to see that the investments in large property development projects that reached their zenith in the early seventies have stopped coming in as a result of the housing crisis.

A brief review of the transactions authorized in 1981 reveals that there were five kinds of investment:

--A few large, very selective operations which did not respond to preestablished criteria or to any specific trend oriented toward any sector in particular, such as those of Gonzalez Byass, Barclays, Banque Nationale de Paris or Guardian.

--A small number of "super-deluxe" investments, almost all of them by Arabs, focusing on the hotel and real estate sectors, and really very small in absolute terms.

--Countless small transactions oriented toward small industries and, secondly, toward the real estate and service sectors.

--A significant number of medium-sized investments, between 100 million and 300 million pesetas, catalogued as maintenance investments, and representing

an effort by head offices to inject capital into their Spanish subsidiaries to make up for losses.

--A small number of transactions of varying quantities, originating in Spain and designed to make capital expansions charged to reserves or to the regularization account, as in the case of Vicasa's operations in Cristaleria Espanola.

Foreign Investments?

The number of investment plans submitted in 1981 was 1,184, of which 1,043 were resolved, and 820 were authorized. "With the liberalization, many more operations have been recorded, because all those of less than 25 million pesetas that did not used to be recorded because they were verified through straw men, are now recorded and made public. This does not mean, however, that more is being invested," said a distinguished expert in foreign commerce to ACTUALIDAD ECONOMICA.

The numbers do tell, but besides that, in many cases the nature of the investment itself could be called into doubt. For example, the big transaction of the year--although it was authorized in December, it took place before the end of 1981--was that of Gonzalez Byass Co. Limited, for a total amount of 7.981 billion pesetas. This supposed investment "is part of the Hispanization process of the company; all of Gonzalez Byass Co. Limited's existing assets in Spain have been integrated into Gonzalez Byass, S. A., for a value of 6.3647 billion pesetas, and a capital stock of 1.617 billion," ACTUALIDAD ECONOMICA learned from Director General Arcadio Saldana Trigo of that storage corporation.

The same thing is happening with the transfer of millions in the companies of the Saint Gobain Group; the French head office has invested 1.169 billion in Vidrieras Espanolas Vicasa, which in turn has undertaken two transactions of 1.168 billion in Cristaleria Espanola (in which Saint Gobain has a majority share), for a capital expansion charged to the regularization account. Thus, there has been no physical money.

In the case of the German multinational Nixdorf Computer, which carried out two 200-million-peseta transactions, one to invest in Nixdorf Computer, S. A., and the other in Nixdorf Computer Rent, S. A., the situation is quite different: the former involves an expansion of the Spanish subsidiary, whose capital rose from 360 million to 560 million pesetas in an industrial investment in the company's new Toledo plant for the manufacture of the 8870 system. The second operation corresponds to a commercial investment to bolster the subsidiary that rents computers.

Another transaction which is still not very clear was done by Renault and Talbot to create a mixed Spanish-French company called Vehiculos Industriales for the manufacture of trucks. According to information compiled by the General Office of Foreign Transactions, each of the parties has invested 999.9 million pesetas. Talbot sources told this magazine that the operation had been for a total value of 999.9 million pesetas, that the French firm

Renault had disbursed an equal amount, and that the latter was to be in charge of the administration of the company with a 50 percent share, while Talbot's 50 percent contribution would consist of the assets of its Dodge truck production.

Selective Investments

As far as the recipients of foreign investments, 1981 has been an atypical year. The group made up of the financial, insurance, business service and rental institutions has seen its share double from 6.682 billion to 13.250 billion pesetas, and has garnered 16.85 percent of all direct foreign investments in businesses. The reason for this sudden surge is none other than the two transactions by Barclays and the Banque Nationale de Paris, which acquired the Banco de Valladolid and the Banca Lopez Quesada, respectively, with investments of 5.2 billion and 3 billion pesetas each.

The group made up of "other manufacturing industries" also witnessed a twofold increase in investments, from 12.7 billion to 20 billion pesetas, with a 25.46 percent share of the total. This rise was also due to a small number of transactions, such as the aforementioned Gonzalez Byass deal, that of Guardian Industries in Vidrieras de Llodio for a total of 3.983 billion, and that of the Saint Gobain Group, also in the glass sector, for over 3.4 billion pesetas.

The chemical and mineral extraction industries upped their share of investments by two points, with a total of 17.205 billion pesetas, 21.89 percent of all foreign investments. The big loser in 1981 was the metal processing and precision mechanics industry, which lost slightly over half its investments, falling from nearly 30 billion in 1980 to 13.453 billion in 1981.

British in First Place

As for the origin of the capital, there have been significant changes in the order, as can easily be seen in the large selective operations mentioned above. Great Britain has stepped into first place, with a total of 17.410 billion pesetas (22.15 percent of the total). This represents an increase of more than 700 percent over 1980, when investments from that country totaled 2.7 billion pesetas, with a 3.2 percent share of the total. This is obviously a one-time phenomenon, since more than 80 percent of the total corresponds to just two operations: the Gonzalez Byass and Barclays deals.

Curiously, second place is held by Spain. These investments correspond to the subsidiaries of the large multinationals located in Spain that have undertaken major capital expansions. The total amount of these operations is nearly 12 billion pesetas (15.21 percent of the total), which represents an increase over 1980 of nearly 90 percent.

Liechtenstein and Luxemburg have gained one point in their share of total direct foreign investments in Spanish businesses, while most other countries have cut their investments. The most notorious cases are those of Switzerland and the United States. During the last 2 years they had taken the first two

slots in the ranking. Switzerland's investments dropped by nearly 50 percent (7.875 billion in 1981, compared to 14.153 the year before), but this is nothing to be alarmed about because Switzerland is an international financial center from which a large number of multinationals from the most diverse origins operate. Perhaps the biggest shock has been the drop in U.S. investments by more than 50 percent, from 20.831 billion pesetas in 1980 to 9.575 billion last year. The depreciation of the peseta with respect to the dollar led the most optimistic observers to predict that the flow of U.S. capital would be augmented, or at least would maintain the leading position of earlier years. These predictions failed, but experts feel the situation has a certain logic, "given the price of money on the American market and the giant leaps of the prime rate."

Strong Increase in Real Investments

Despite the fall in direct investments of foreign capital in Spanish firms with a foreign majority, the volume of real investments in all areas--direct, portfolio, real estate and others--has risen by more than 58 percent during 1981. According to the Bank of Spain's cashbook of foreign transactions, during the first 10 months of 1981 the net total of foreign investments in Spain was 138.322 billion pesetas, as opposed to 87.432 billion pesetas during the same period of 1980. Total income during that period was more than 180 billion pesetas, while payments dropped to 44.341 billion pesetas.

The most outstanding increases correspond to foreign portfolio investments, which went from a total of 263 million pesetas for the first 10 months of 1980, to 9.715 billion pesetas. Another remarkable category was "other investments," which went from 839 million pesetas during the same period of 1980, to nearly 12 billion pesetas in 1981. The increments in totals for direct investments and real estate investments are less spectacular, although in absolute terms they are greater, since the former went from 51.757 billion to 70.391 billion in 1981, and the latter went from 34.573 billion to 46.347 billion pesetas.

Direct investments have continued to reign supreme since the crisis of 1974, when foreign investments in real estate began their decline. Traditionally, they had easily surpassed direct investments. However, it must be noted that the flow of capital from foreign firms with majority capital in Spanish corporations has been curbed dramatically. The great expectations revolving around the entry into the EEC seem to have ceased to be an attraction. It is the same all over, and the selectivity of investments has become the predominant feature.

Major Foreign Investors

(Foreign investments in 1981 of more than 100 million pesetas, in Spanish business with more than 50 percent foreign ownership)

No. in Order	Spanish Company	Foreign Company	Country	Invest- ment*	% For- eign share
27	Alfa Laval, S. A.	Alfa Laval AB	Switz.	480	100
43	Al Rima S. A.	Al Rima Al Nouffakia			
		Al Jaura	Liech.	300	100
13	AMC Alfa Metalcraft Corp.	AMC Internat. Alfa Metalcraft Corp.	Switz.	900	100
123	Amonn Fitoquimica de Es- pana	Amonn Agrofinancw	Italy	100	100
66	Artes Graficas Toledo	Mondadori Interna- tional	Lux.	200	100
79	Avery Sistemas de Eti- quetaje	Avery Etiketten	Neth.	185	100
2	Banco de Valladolid	Barclays Bank Inter- national	G. B.	5,200	92
4	Banca Lopez Quesada	Banque Nationale de France Paris		3,000	79
115	Belhaven, S. A.	Bekhaven Brewery Group Ltd.	G. B.	110	100
89	Bimbo, S. A.	Cambell Tagara Co.	U.S.A.	150	100
55	Bressel Espanola	Fratelli Borletti	Italy	241	70
		Weber Carburator International	Neth.		
102	Centro Internacional de Envases	National Con Overseas Corp.	U.S.A	126	64
19	Circulo de Lectores, S.A.	Bertelman AG	Germ.	670	100
22	Clark Maquinaria	Clark Maschinenfabrik	Germ.	568	89
78	Colores y Derivados	Inmen Co.	U.S.A.	188	94
124	Cia. Camariense de Tabacos, S.A.	Valira Holding & Julian Reig Ribo	Lux.	100	100
109	Cia Financiera Nashua Spain	Nashua International NV	Dutch Antilles	117	100
106	Compania Iberica	Compair Construc- tion & Mining	G. B.	120	80
53	Compania Andaluza de Minas	Sociedad Minera y Metalurgica de Penarroya	Spain	248	61
90	Compania Financiera Casa	Tenneco International	U.S.A.	150	100
120	Compe, S. A.	Compania Continental Hispanica, S. A.	Spain	182	100
91	Construcciones Agro- metalicas	Tenneco Interna- tional	U. S. A.	150	95
77	Coparex Minera	Compagnie de Partici- pation de Recherches et d'Explotation Petroliers	France	193	78
97	Costa Marina, S. A.	Costa Marina Hotelver- waltungs	Germ.	140	100
7	Cristaleria Espanola S.A.	Vidrieras Espanolas- VICASA	Spain	2,336	77
17	Croft Jerez, S. A.	International Distillers	G.B.	715	65
125	Crompton Grace Ilumina-	Crompton Parkison &	G. B.	100	100

No. in Order	Spanish Company	Foreign Company	Country	Invest- ment*	%For- eign share
62	Danone, S. A.	Enrique Levy Car- rasco & residents Entablissement Le Cigne Gervais Danone	Spain Liech. France	213	56
126	DAL Espanola de Leasing S.A.	Dal International BmbH	Germ.	100	100
67	Darty, S.A.	Etablissements Darty et Fils, S.A.	France	200	100
94	Datacom Iberica S.A.	Datapoint Corp.	U.S.A.	147	100
20	Delclaux y Cia. Central Vidriera	Guardian Industries Corp.	U.S.A.	670	100
100	Didier S.A. Fabrica de Materiales Refractarios	Didier-Werke AG	Germ.	136	100
40	Eaton, S.A.	Eaton BV La Haya	Neth.	313	99
127	Ellesse Espana S.A.	Ellesse Internation- al SpA (plus two other citizens)	Italy	100	100
84	Explotaciones Puerto Vallehermoso	Gebr. Maerz KG & DEG	Germ.	170	50
63	Equipos Tecnicos para el Transporte	Mr Thabit Mansur Refae	Saudi Arabia	210	100
93	Federal-Mogul Espana S.A.	Federal Mogul Corp.	U.S.A.	150	100
68	Ferodo Espanola S.A.	Turner & Newall- International Fraymon S.A.	G.B. Spain	200	100
128	Ferrostaal, S.A.	Investment Holding GmbH	Switz.	100	100
118	Fibras VEGetales de Navarra	Seneco Interna- tional INC.	U.S.A.	107	60
60	Ficesa Intem. de Revisiones	Tenneco Interna- tional	U.S.A.	230	100
31	Frosst Iberica S.A.	Merck Sharp & Dohme and others	Bermudas	445	100
21	Gallital Iberica S.A.	Industrias Inc.	U.S.A.	644	100
34	Galicia, S.A. Seguros y Reaseguros	Ennia NV	Neth.	423	84
58	Galo Iberica Aseguradora S.A.	Mutuelle Generale Francaise Accidents and others	France	233	86
50	Girling Espana S.A.	Lucas Industries Ltd.	G.B.	264	74
35	Gral. Espanola de Electro- medicina S.A.	General Electric Co.	U.S.A.	400	100
38	Glasurit, S.A.	Basf Farben und Fraser AG	Germ.	327	99
1	Gonzalez Byass	Gonzalez Byass Co.	G.B.	7,990	100
30	Grafitos Electricos del Noroeste	Aluminio de Galicia S.A.	Spain	449	55

No. in Order	Spanish Company	Foreign Company	Country	Invest- ment*	% Foreign Share
8	Grupo Cristobal Colon	Cristobal Colon Holding & Reland Behles	Switz.	2,316	100
65	Hero Espana S.A.	Hero Converven Lenzburg	Switz.	200	96
9	Hispano Francesa de Vehi- culos Industriales	Renault Vehicules Industrials Talbot S.A.	France Spain	1,999	100
51	Hispano Ico, S.A.	Holtentia AG	Switz.	260	99
69	Hotel Bouganville Playa S.A.	Excecteur Holding S.A.	Lux.	200	99
104	Iberoamericana del Em- balaje, S.A.	Meyerhauser Inter- national Inc.	U.S.A.	123	100
15	Iberica de Sacos	Celulosa del Nervion Spain Cristaleria Espanola		805	70
105	Industrias Cabre, S.A.	Turner & Newall Intl. G.B.		122	100
121	Industria Espanola de Sus- pensiones	Hoesch Werke AG Dort- mund	Germ.	102	100
46	Industria Navarra del Aluminio	Reynolds Interna - tional Inc.	U.S.A.	298	100
70	Industria Quimica Erpiol, S.A.	Hauffe Chemical BV	Neth.	200	93
80	Instituto Hispanico del Arroz, S.A.	Euriza Holding & Euriza Intern.	Switz.	183	88
37	Interdema Espana, S.A.	Holding Maatschappij interdema NV	Neth.	350	100
101	Intercafe, S.A.	Vixmill Ltd.	G.B.	135	85
114	Jose Maria Artiaga, S.A.	Seneco Intl. inc.	U.S.A.	111	60
14	Kirwan Espanola S.A.	Dirwan Investment & Liech. Trading		812	100
18	Draft Leonesas, S.A.	Dart & Kraft	U.S.A.	690	100
61	Kyko International S.A.	Kacekl Intl. Hølding	G.B.	228	60
85	Laforest S.A.	Societe Bic and others	France	168	75
44	Lemmerz Espanola, S.A.	Lemmerz Werke KG	Germ.	300	99
108	Limagrain Iberica	Limagrain Societe Cooperative Agricole de Semences de Limagne	France	119	100
26	Louisa Maria, S.A.	Al Zouhouira Al Moun- taser Al Raya	Liech.	490	100
116	Magaluf Park, S.A.	Societe Bancaire Barclays	Switz.	110	100
88	Manipulaciones Especiales y Transportes, S.A.	Cia. Continental Hispanica	Spain	156	70
83	Marazzi Berica, S.A.	Ceramica Filippe Marazzi SpA	Italy	171	99
86	Marcultura, S.A.	Ciga Geigy Aktien- gesellschaft	Switz.	166	100

No. in Order	Spanish Company	Foreign Company	Country	Investment*	%Foreign Share
71	Marisba, S.A.	Infice Intl. & Luxex Lux. Bur		200	100
		Peymar Anstalt	Liech.		
		Candida Latink	Monaco		
98	Martin F. Villaran	H.C.I. Chemicals Nederland BV	Neth.	138	100
54	M.B. Espana S.A.	M.B. Intl. BV	Neth.	242	100
96	Mecanismos Auxiliares Industriales	Essex Intl. BV	Neth.	140	62
12	Mercedes Benz Espana S.A.	Daimler Benz	Germ.	946	53
95	Minerva, S.A.	Giacomo Costa Fu Andrea	Italy	145	76
32	Modificaciones y Transformaciones	International Holding Fiat	Switz.	435	100
103	Monocril, S.A.	Rohm GmbH	Germ.	125	100
110	NashuaSpain, S.A.	Nashua International NV	Neth.	117	100
72	Nixdorf Computers, S.A.	Nixdorf Computer AG	Germ.	200	100
73	Nixdorf Computer Rent, S.A.	Nixdorf Computer, S.A.	Spain	200	100
119	Orenstein and Koppel	Orenstein and Koppel	Germ.	107	100
111	Oscar Mayer, S.A.	Oscar Mayer Co. Inc.	U.S.A.	116	80
112	Pierre Fabre, S.A.	Pierre Fabre, S.A.	France	115	100
129	Phelps Dodge Espanola S.A.	Phelps Dodge Espanola Co. & Savanna Development Co. Ltd.	U.S.A.	100	100
113	Phoenix Latino, S.A.	Phoenix Assurance Co. Ltd.	G.B.	114	85
		Continental Reinsurance Co.	Bermudas		
		Toro Assicurazione SpA	Italy		
122	Pintura Marina Hempel	Hempel, S.A.	Switz.	101	67
49	Plexi, S.A.	Intracil AG	Switz.	264	91
6	Prerreducidos Integrados del Suroeste de Espana	Deutsch Entwicklung-grllldvhaft Lurgi Chemie und. Huttentschnick Kuwait Foreign Trading Investment	Germ.	2,400	48
130	Productos Ortiz	United Biscuits Ltd.	G.B.	100	100
5	Productos Pirelli, S.A.	Societe Intl. Pirelli Dunlop Holding Ltd.	Switz.	2,995	98
39	Proyectos Paraiso	Floral Hotelman-agement	Germ.	314	100
10	Quimica Farmaceutica Bayer, S.A.	Bayer Foreign Investment Ltd.	Can.	1,425	100
28	Restaurante Ritz	Trust House Forte	G.B.	462	50
42	Robertson Espanola S.A.	H.H. Robertson Co.	U.S.A.	304	100

No. in Order	Spanish Company	Foreign Company	Country	Invest- ment*	% Foreign Share
48	S.A., Cardoner	Sandoz SAE	Spain	270	
99	S.A., Papelera de Logrono	Pepateries de Cas- cognie et Societe Provencale de Aluminium	France	138	100
24	Sandoz SAE	Sando AG	Switz.	500	100
74	Sandvik Espanola, S.A.	Sandvik AB	Sweden	200	100
59	Sidesur, S.A.	Stahlbetiligungen Holding, S.A.	Lux.	232	100
64	Sinor Kao S.A.	Kao Soap Co. Ltd.	Japan	203	75
56	S.A., Deportiva Sotogrande	Financiera Sotogrande	Spain	240	96
75	S.A., Residencial y Nautica	Societe Hotelier Libanaise and two citezens	Lebanon	200	100
57	Sociedad Espanola de Hules S.A.	Solvay et Cia. Mu- tuelle Solvay	Belg.	235	100
76	Sociedad Espanola de Libreria, Revistas y Publicaciones	Hachette, S.A.	France	200	99
41	Sommer Nieto Iberica S.A.	Societe Intl. de Revements du Sol S.A.	France	310	100
47	Sulzer Espana S.A.	Sulzer Freres, S.A.	Switz.	275	100
117	Suministros de Automocion	Solex, S.A.	France	110	100
23	Tampella Espanola, S.A.	Oy Tampella AB	Finland	520	100
107	T.D.A. Haniel, S.A.	Haniel Spedition GmbH	Germ.	120	100
29	Union Alimenticia Sanders	Sanders, S.A.	France	458	96
33	Union Popular de Seguros	Group Drouot and others AGF Seguros, S.A.	France	428	100
81	Unitros	Eurocon	France	100	90
45	Upjohn Farmoquimica	Upjohn Company Kalamazoo, Mich.	U.S.A.	300	100
52	V.A.G. Espana, S.A.	Volkswagenwerke Aktiengesellschaft and two other citizens	Germ.	250	100
25	Vidrieras y Cristalerias de Lamiaco, S.A.	Verrie Cristalerie D'Arques J.G. Durand	France	500	100
11	Vidrieras Espanolas-VICASA	International Saint- Gobain	Switz.	1,169	73
3	Vidrieras de Llodio	Guardian Industries Corp.	U.S.A.	3,983	100
16	Villamagna, S.A.	Wittesbacher Aug- leischsfonds	Germ.	802	100
82	Wimpey Espanola, S.A.	Wimpey Constructions	G.B.	180	97
87	Wrigley Espana, S.A.	WM Wrigley Co.	U.S.A.	160	100
36	Zardoya Otis, S.A.	Otis Elevator Corp.	U.S.A.	350	54

* In millions of pesetas

8926

CSO: 3110/96

BALANCE OF TRADE DEFICIT UP 13 PERCENT AMIDST INCREASED TRADE IN 1981

Madrid ACTUALIDAD ECONOMICA in Spanish 25 Feb 82 pp 22-24

[Text] In 1981 Spanish exports rose to 1,888,423,000,000 pesetas, an increase of 16.5 percent over the year before. The high rate of the dollar, with an annually applied exchange rate of 92.1 pesetas, was partly responsible. Imports, on the other hand, grew by 21.2 percent, to reach 2,970,435,000,000 pesetas.

The balance of trade experienced a deficit of 1,082,012,000,000 pesetas, an increase of 13 points over 1980's figure, while the coverage ratio gained 2.7 points to reach 63.6 percent.

Energy Drain

Imports of crude oil have once again played a distortionary role in the Spanish balance of trade. The 1981 oil bill of 1,053,950,000,000 pesetas represents 35.5 percent of the import category, and it is practically the same amount as the trade deficit. Despite the tremendous efforts of the energy conservation policy, which has resulted in a 7.7 percent reduction in the volume of imports, and despite the stabilization of oil prices, the bill increased by 30.5 percent, and thus wiped out the brilliant performance of the export sector.

In the import category, the chemical sector is in second place, with a total estimated by the General Customs Office to be 223.706 billion pesetas. This represents a growth of nearly 23 percent since 1980. However, sources at the Federation of Chemical Industries of Spain have told ACTUALIDAD ECONOMICA that the figure is considerably higher, having reached 270 billion pesetas in 1981, with an increase over the previous year of only 17 percent. "In real terms, this means a reduction in the volume of exports, since the dollar went from 74 to 97 pesetas during the year."

The chemical sector's balance is slightly better than the national average, since exports as a whole totaled 185 billion pesetas, for a coverage ratio of 68 percent. But the spokesman for the federation representing this sector also noted that "exports have grown by 25 percent in monetary terms, but if we look at the volume of goods, the growth in real terms has been only 6 percent."

The machinery category, a veritable hodgepodge that includes countless sectors and subsectors of the economy with the common denominator of equipment, is another area where major imports were noted. It accounted for more than 12 percent of the total, with 360 billion pesetas, representing an increase of 13.8 percent over the previous year's imports of 315 billion. Unlike the chemical sector, this sector managed to balance its trade, for exports--analyzed in another section--reached 370 billion pesetas.

Favorable Winds for Exports

As for the flood of exports, the sectors that grew most in 1981 were non-crude petroleum oils, which reached 74.282 billion pesetas for an increase of 99.8 percent; naval construction, which sold ships valued at more than 28.4 billion pesetas for a growth rate of 82.8 percent; iron and steel strip in the iron and steel sector accounted for a 76.6 percent growth, reaching 27.817 billion pesetas; and the cement sector, which grew by 46.5 percent with sales valued at 41.254 billion.

This sector had perhaps one of the most brilliant fiscal years. In 1981 Spanish

cement manufacturers raised the volume of their sales by 18.81 percent, surpassing 11.8 million tons of cement and clinker, compared with 9.8 million tons exported in 1980. This growth was spurred by greater demand for the product in the Middle East, principally Saudi Arabia and Egypt. Furthermore, the increase in sales was accompanied by the strong position of the dollar with respect to the peseta, so revenues were substantially higher. This allowed the cement industry to rake in handsome profits, whereas until recently it had barely managed to cover its costs. Prospects for 1982, as Ernesto Garau, president of the employers' association of the cement sector, told ACTUALIDAD ECONOMICA, "are encouraging, because demand continues to exert strong pressure and the dollar remains vigorous."

The shoe sector, for its part, got the resuscitation it needed in 1981, having regained part of the U.S. market. According to data supplied by the Federation of Shoe Industries of Spain (FICE), the sector exported nearly 70 million pairs of shoes in 1981, a 12 percent increase. "As this growth has focused almost 100 percent on the U.S. market," FICE Secretary General Rafael Canada told ACTUALIDAD ECONOMICA, the results in monetary terms have been substantially greater; they totaled more than 58 billion pesetas, as compared to last year's 42.7 billion, an increase of 36 percent."

Another traditional export sector that regained ground lost in 1980 is agriculture, thanks above all to the outstanding harvest of the last quarter of the year (the first quarter in the agricultural year), in which practically all historical records were broken and 936,000 tons were exported. For the year as a whole, exports valued 62 billion pesetas, an 8.8 percent growth over 1980's total.

"Invisible" Sectors

The construction sector, thanks to the economic crisis, has become one of the principal export sectors, although this is a peculiar area that is not

subject to Customs control. According to data supplied by Seopan, in 1981 projects totaling more than 143 billion pesetas were contracted abroad, while billing during the same period reached 85 billion pesetas, for a 55 percent increase over the previous fiscal year.

In terms of customers, France continues to be the principal destination of Spanish goods, with a total of 270.578 billion pesetas. It is followed by Germany, with 163.343 billion; the United Kingdom, which has earned a spot by importing 130.645 billion pesetas worth of goods; and the United States, naturally the country with the highest growth rate, going from 1980's 79.36 billion to 126.912 billion pesetas in 1981, a jump of more than 58 percent.

As for Spain's suppliers, the United States holds the chair of honor, with 412.372 billion pesetas. It is followed by Saudi Arabia (324.162 billion), Germany (241.524 billion), and France (237.575 billion). The European Community as a whole is still the area of preference for Spanish trade, absorbing 43.5 percent of all exports (813 billion pesetas) and 29 percent (862 billion) of imports.

8926

CSO: 3110/96

TURKISH FIRMS SAID UNAFFECTED BY LIBYAN CUTBACKS

Istanbul MILLIYET in Turkish 17 Jan 82 p 3

[Report by Mehment Ali Birand]

[Text] Brussels--It has been reported that the latest Libyan economic measures will not, at this stage, affect any Turkish firms, and that, however, firms preparing to get contracts for large projects in the Libyan market will have severe difficulties in the future.

During an interview with a very reliable source who has been monitoring from Brussels the latest developments and the situation of the Turkish firms in Tripoli in particular, it was understood that the decision taken by the Libyan government will not affect any Turkish firm and that the decisions taken are not yet final.

The official interviewed pointed out to the decline in Libya's oil revenues as a result of the glut in the oil market and the limited embargo imposed by the United States. The official said: "Libya's annual revenues have dropped from \$25 billion to around \$7 billion to \$8 billion. Furthermore, its defense expenditures are rising. Consequently, it has become necessary to spend less money on jobs which used to consume large sums of capital; belts are being tightened and priorities are being set."

The latest Libyan economic decisions will lower the priority of some luxury and expensive projects undertaken for purposes of prestige. However, it is not yet clearly known which specific projects will be affected.

On the other hand, projects which will provide direct benefits to society, such as social housing, as well as defense projects will go ahead as scheduled.

Currently there are 90 Turkish firms in Libya mostly involved in contracting work. The total value of their contracts is around \$6 billion.

The official we interviewed said that so far he has "not seen the termination of any project undertaken by Turkish firms." The official added: "Turkish firms, like others, are experiencing difficulties and delays in collecting their money because of the tight economic situation. However, no one has lost any money. Payments continue to be made on projects under way."

The official stated that as a result of the Libyan decisions some of the giant projects Turkish firms were hoping to undertake may be postponed. He said: "Still, nothing is clear at this stage. The Libyan budget has just been approved and we will not know about its exact contents and priorities before March."

TEXT OF TURKISH-HUNGARIAN ECONOMIC PROTOCOL PUBLISHED

Ankara RESMI GAZETE in Turkish No 17613, 22 Feb 82 pp 5-9

[Text]

PROTOCOL

The Turkish-Hungarian Joint Committee for Economic Cooperation referred to in Article 4 of the Long-Term Economic, Technical, Industrial and Scientific Cooperation Agreement signed in Ankara on 11th of January, 1977, and the Turkish-Hungarian Joint Committee for Trade envisaged in Article 5 of the Trade Agreement signed in Ankara on 12th of November 1974, between the Government of the Republic of Turkey and the Government of the Hungarian People's Republic, held their fourth session in Ankara between 2-4 December 1981.

The Hungarian Delegation was headed by H. E. Mr. Istvan Török, State Secretary of the Ministry of Foreign Trade, and the Turkish Delegation was headed by H. E. Mr. Ismail Heral, State Secretary of the Ministry of Commerce.

During his visit Mr. Istvan Török was received by H. E. Mr. Turgut Özal, Minister of State and Deputy Prime Minister and by H. E. Mr. Kemal Cantürk, Minister of Commerce of Turkey.

The lists of the two Delegations are enclosed in Annexes 1 and 2.

The Agenda of the Joint Committee covered the following subjects:

- A) Trade relations
- B) Economic cooperation
- C) Trade promotion actions
- A) TRADE RELATIONS

The two Parties reviewed the development of trade in the period since the last session of the Joint Committee for Trade and Cooperation held in Budapest between 14-17 July 1980.

They expressed their satisfaction over the outstanding result achieved in the development of the turnover in 1980. It was pointed out that - as the development of the turnover in 1980 clearly indicates the possibilities and requirements exist for the mutual and continued expansion of the exchange of goods.

The Parties consider it important that in the more difficult international economic circumstances, the Hungarian and Turkish companies should rely to a greater extent on the traditionally good relations existing among them. They should look for the methods which make it possible to increase the last year's level of turnover.

The Hungarian Party pointed out that they have encountered with certain difficulties in their purchases from Turkey because of the registration obligation.

The two Parties agreed that in order to maintain and to increase the trade turnover the removal of such obstacles is essential. Therefore, they also agree that the representatives of the respective Central Banks of the two countries be convened in the near future with the purpose of examining necessary measures to be taken for the continuation of the trade on the basis of free currency, having in mind the future repayments of the Hungarian export credits.

The Hungarian Party expressed its willingness to participate in investments important for the Turkish Party with a view to developing the economic relations and to extend credit for such deliveries, if necessary, and to investigate the possibilities of purchasing Turkish goods at the same time.

The two Parties agreed that the periodic talks of representatives of their trade and financial authorities, particularly in the period between the Joint Committee sessions, contributed positively to the expansion of trade and cooperation relations, and therefore such meetings should be arranged in the future.

The Parties confirmed that industrial, technical and scientific cooperation constitutes an important element of economic relations and of further developing the mutual trade.

B) ECONOMIC COOPERATION

The two Parties reviewed the development of relations concerning economic, industrial, technical and scientific cooperation, and noted that mutual interest to develop cooperation existed in most of the areas identified at the former session of the Joint Committee.

The two Parties examined the following specific areas of cooperation:

Perlite Industry

The two Parties noted with satisfaction that a general agreement for cooperation in joint marketing of perlite technology and services as well as supply of industrial plant equipment in third countries was signed by Nikex and Etibank.

Furthermore, Mineralimpex had forwarded to Etibank the draft agreement for cooperation regarding marketing of perlite. Etibank in return forwarded to Mineralimpex their offer for perlites, and shall study the draft of Mineralimpex concerning cooperation.

Thermal Power Stations

The two Parties noted with satisfaction that the deliveries of Transelektro for several power stations in Turkey and the installation of equipment on the spot make good progress.

The Turkish Party confirmed that it should follow up also in the future the credit repayments.

Based on the good cooperation developed so far, the Hungarian Party expressed its willingness to take part in the new power station investments planned by TEK. The two Parties agreed that direct negotiations would be carried on for this purpose between Transelektro and TEK.

Joint manufacturing of equipment and materials for hydroelectric power stations

The two Sides appreciated positively the cooperation built between Ganz Mavag and Türkiye Şeker Fabrikaları, especially the joint participation in the tender of the hydroelectric power station at Karacaören.

The Turkish Side provided information concerning the construction of the turbines of 4x30 MW of the Manzelet hydroelectric power station. The two Sides agreed that Ganz Mavag and Türkiye Şeker Fabrikaları will extend their contacts to include this project as well.

Energy Saving

Using the collected experiences, the Hungarian Party is willing to participate in such projects, including studies on waste heat recovery, recycling of agricultural waste-products, etc.

Incandescent Lamps and Fluorescent Tubes

The two Parties noted that Tungram and Aysan Aydınlatma Sanayii A. Ş. entered into a contract for the supply of equipment for incandescent lamp manufacturing.

Cooperation on Railways

Ganz Mavag submitted its offer for 50 diesel-electric locomotives, referring to the delivery of complete, partly complete and fully knocked down locomotives.

The Turkish Party promised to revert to the offer through TCDD as soon as possible

Agriculture

The two Parties welcomed the fact that in course of the negotiations in Hungary in May 1981 between the Turkish Ministry of Agriculture and Forestry and the Hungarian Ministry of Agriculture and Food, the following possibilities for cooperation had been identified:

- exchange of germplasm for experimental purposes, the list of which may be submitted later to the related institutions in both countries,
- exchange of scientific and technical documents published by the Ministries of Agriculture in both countries,
- cooperation between agricultural research institutions with special emphasis on stone fruit production research,
- cooperation in fresh water fish production,
- cooperation in collection and storage of semen, and in exchange of frozen semen.

The Parties confirmed their support to the development of this cooperation opportunities be taken as early as possible.

Prospecting for Oil

TPAO had negotiations with Chemokomplex with regard to the supply of technological equipment and carrying out seismic crude oil prospecting and exploitation of secondary recovery of crude oil. In the course of the talks, TPAO could get convinced of the advanced level of Hungarian companies, and will invite also Chemokomplex to take part in the tenders concerning prospecting in the future.

The Parties agreed to give support to this subject of cooperation.

Urban Transport

The Hungarian Party, with reference to the previous agreement signed for the delivery of IKARUS buses to Turkey, indicated its readiness to deliver further buses to the Istanbul, Ankara and Adana municipalities, including articulated buses and to enter into technical negotiations in setting up joint production of buses, having in mind the possibility of exportation to thirdmarkets too.

The Turkish Party promised that in case of importation of buses for the municipalities in Turkey, the competitive offers of the Hungarian companies will be considered with a positive view.

Cooperation in Third Markets

The Joint Committee decided to encourage cooperation in third markets between Hungarian and Turkish organizations especially in the following fields:

- construction and erection of agricultural plants, power generating equipment and hospitals,
- marketing of chemical products.

C) TRADE PROMOTION ACTIONS

The two Parties appreciated in a positive way the visit to Hungary in April 1981 of the Union of Turkish Chambers of Commerce and Industry. The discussions of the Delegations contributed to the deepening of direct contacts among companies, assisted a more thorough understanding of the range of goods, and widened the relations between Hungarian companies and Turkish private firms.

The Parties confirmed their resolve to assist in every way also in the future the expansion of trade promotion activities, to support the initiatives taken by the Hungarian Chamber of Commerce with a view to widening contacts, including the intended regular cooperation, in addition to the Union of Turkish Chambers of Commerce and Industry, with the federation of manufacturers and business circles (TUSIAD), as well as with the export promotion research centre (IGEME), having an extensive information service.

The Parties emphasized the importance of participation in international fairs in Turkey and Hungary, and stressed particularly the usefulness of appearing at specialised fairs and exhibitions.

The Turkish Party welcomed the Hungarian proposal to send out an import delegation, organized by the Hungarian Chamber of Commerce, in the second half of 1983.

The Turkish Party would give all assistance to the preparation of the visit of the delegation in Turkey and to arrange its discussions.

Done in Ankara on 4 December 1981, in two originals in the English language, both being equally authentic.

On behalf of the Government
of the Republic of Turkey
İsmail HERAL

On behalf of the Government
of the Hungarian People's Republic
Istvan TOROK

ANNEX 1

TURKISH DELEGATION

Dr. İsmail Heral	State Secretary of the Ministry of Commerce, Head of Delegation
Suat Tuysan	Director of Bilateral Economic Affairs Department Ministry of Foreign Affairs, Head of Technical Delegation
Erdogan Güçlü	Director General of Export Promotion, Ministry of Industry and Technology
Dogan Kalfaoglu	First Assistant Director General of Agreements, Ministry of Commerce
Dincer Saraçel	Assistant Director General of Agreements, Ministry of Commerce
Volkan Bozkur	Chief of Section, Bilateral Economic Affairs, Ministry of Foreign Affairs
Zuhal Taner	Expert at the Directorate General of Treasury, Ministry of Finance
Emin Böge	Coordination Director at the International Technical and Economic Affairs Department, Ministry of Energy and Natural Resources
Ayhan Erkan	Assistant Director General of TEK
Sevinç Kıcıman	Assistant Director of Planning Department of TEK
Mustafa Geçek	Assistant Director of Power Stations Department of TEK
Mehmet Ali Atakol	Deputy Director of Agreements, Central Bank of Turkey
Erdogan Özyürek	Deputy Chief of Section at the Directorate for Projects of ETİBANK
Çiğdem Türün	State Planning Organization, Expert

ANNEX 2

HUNGARIAN DELEGATION

Istvan Török	State Secretary of the Ministry of Foreign Trade Head of Delegation
Dr. Peter Balazs Ferenc Szögi	Dep. Director General, Ministry of Foreign Trade Chargé d'Affaires a.i., Counsellor, Hungarian Embassy
László Kristóf	Commercial Counsellor, Hungarian Embassy
Károly Hofmann	Dep. Director General, Ministry of Industry
Attila Zsitvay	Dep. Director General, Ministry of Agriculture and Food

Dr. Pal Landess

Head of Section, Ministry of Foreign Trade

EXPERTS

Miklos Kozma

Director General, Transelektro

Pal Ardo

Dep. Director General, Mogurt

Pal Felkai

Commercial Attache, Hungarian Embassy

Ferenc Fabri

First Commercial Secretary, Hungarian Embassy

Marta Vagvolgyi

Sales Manager, Mogurt

Janos Kollar

Interpreter, Secretary, Hungarian Embassy

CSO: 4600/339

TURKEY-PRC ECONOMIC, TECHNICAL AGREEMENT PUBLISHED

Ankara RESMI GAZETE in Turkish No 17607, 16 Feb 82 pp 3, 4

[Text]

AGREEMENT

between The Government of the Republic of Turkey and The Government of the
People's Republic of China on Economic, Industrial, and
Technical Cooperation

The Government of the Republic of Turkey and the Government of the People's
Republic of China (hereinafter referred to as the "Contracting Parties"),

With a view to strengthening the friendly relations between the two countries
and desiring to develop mutually advantageous economic, industrial and
technical cooperation between them

have agreed as follows:

Article 1

The Contracting Parties shall promote and facilitate by taking appropriate
measures the economic, industrial and technical cooperation between the two
countries on the basis of equality and mutual benefit.

The Contracting Parties have decided to take, inter alia, the following as
possible fields of cooperation:

Article 2

--industry
--agriculture
--tourism and
services
--trade
--joint ventures

Article 3

The Contracting Parties agree that specific cooperation accords within the
framework of this Agreement shall be negotiated and agreed upon by

institutions, corporations, economic organizations and public bodies in the two countries in accordance with their laws and regulations in force.

Article 4

Payments relating to transactions concluded within the framework of this Agreement shall be made in free convertible currencies in conformity with the laws and regulations in force in the respective countries.

Article 5

The Contracting Parties agree to establish a Mixed Commission consisting of ministers of vice-ministers concerned or representatives appointed by them respectively.

The Mixed Commission shall meet annually or on request of one of the Contracting Parties, in Ankara and Beijing alternatively, and its tasks are as follows:

1. reviewing the development of economic, industrial and technical cooperation between the two countries;
2. drawing up proposals for the development of economic, industrial and technical cooperation;
3. identifying new fields of cooperation;
4. examining any problems arising from the implementation of this Agreement and putting forward proposals.

The Mixed Commission will establish working groups to discuss specific problems of cooperation whenever it considers necessary.

Article 6

The present Agreement shall enter into force on the date when the Contracting Parties notify each other that the constitutional requirements for the entry into force of the Agreement have been fulfilled, and shall be valid for a period of five years from the date of its entering into force.

Upon the expiry of the said period, its validity shall be automatically extended for further periods of one year, unless either of the Contracting Parties declares in writing its intention to terminate the Agreement six months prior to its expiry.

Article 7

Should the implementation of the contracts signed within the framework of the present Agreement not be completed at the time the present Agreement is terminated, the provisions of the present Agreement shall be considered valid until such time the said Contracts are completed.

Done in Beijing on December 19, 1981 in two originals both in Turkish,
Chinese and English languages, the three texts being equally authentic.

For the Government of the
Republic of Turkey
Imza

For the Government of the
People's Republic of China
Imza

CSO: 4600/338

MEASURE TO STRENGTHEN STEEL INDUSTRY ASKED

Istanbul CUMHURİYET in Turkish 27 Jan 82 p 6

[Text] Izmir--CUMHURİYET Aegean Bureau--The Iron and Steel Producers Association of the private sector demanded the import duty on pig iron be raised to 35 percent. The Association contended that in this way the advantageous position of the imported iron over the locally produced one will be removed. Within the same protectionist measures, the Association demanded the establishment of factories necessary for the production of imported items, which already exist in Turkey, to replace those imported.

The report, prepared by Prof Erol Manisali and Assistant Prof Ilker Birdal for the Association under the title of "Developments in the Iron and Steel Industry and Its Problems," examines the structure.

The study calculates the amount of foreign exchange saved by the iron and steel industry for the economy of the country and says that this saving amounts to \$55 million in the private sector and to \$425 million in the public sector.

The study further notes that the size of the Iron and Steel Industry has already reached the export stage. However, it adds, as a result of high interest policy and lack of protectionist measures on the part of the state "the Iron and Steel Industry in Turkey has no chance to compete with other countries."

In the remedies section of the report these remedies are divided into two parts, one for the public sector and the other for the (private) companies. The report notes that companies active in this sector must, by taking into account the future demand in the construction sector, resort to integration again and underlines the benefits of forming a joint company to import scrap iron. Pointing out that the support of the state in this issue is a basic requirement, the report says:

"It is essential that the state must provide necessary financial support for the replacement of structure which, as far as the private sector is concerned, are outdated for the iron and steel works. The share of this sector in the manufacturing industry can be increased through long term credits, with suitable interest rates, necessary for the technological and standardization changes."

The suggested measures for the public sector are cited as follows:

--The electric power used by the iron and steel industry must be subject to a different price structure;

--From now on no permit should be issued for the establishment of smelters with arc-furnace, which are not economical and lack proper work site and could not even be integrated with modern rolling-mills.

--By raising the duty on imported pig iron to about 35 percent the advantage of the imported iron, which is actually subsidized, over the locally produced one must be removed.

--Only steel works owned by the private sector or companies founded by steel companies must be allowed to import scrap ships and thus raw material speculation must end.

9558

CSO: 4654/148

BUDGET COMMITTEE EXAMINES REVENUE SOURCE DEFICIT

Istanbul CUMHURİYET in Turkish 20 Jan 82 p 5

[Text] Ankara--AA [ANATOLIA AGENCY]--It is contended that, in the light of the present interest and monetary policy, the 65 billion domestic borrowing, projected in the (revenue) budget for the 10 months of this year, cannot be achieved.

A report prepared by the reporters of the Budget-Planning Committee of the Consultative Assembly on "the 1982 fiscal budget" says that the reductions in the rates of income tax and fiscal balance tax, which became effective in January, will result in a 25 billion loss in revenue.

The report prepared by Ahmet Senvar Dogu and Akif Erginay contains the following views on borrowing and the (revenue) source deficit:

"The budget has been balanced by 65 billion borrowing projected for the 10-month period of 1982. In our opinion this balance is on paper only. A budget balanced by borrowing, instead of a strong source such as taxes, is a budget with deficit after all. Moreover, in the light of the present interest and monetary policy the realization of 65 billion domestic borrowing is impossible, and the issuing of 38 billion bonds in 1982 should be considered as a great success. In the light of our statements it should be admitted that there is a considerable deficit in the revenue source. We would like to note that, as a result of an adjustment we made--within the existing size of the budget--to the compensations and spending base by taking into account the past performances, the numerical dimensions of the source deficit cannot be less than 50 to 75 billion."

The report by Dogu and Erginay further says:

"In our times, increases in public [State] spendings, as a result of economic, social, political and military causes, have increased the tax revenues as well, and turned the administration of taxes into the most important subject of the state treasury. For there is no way to govern a state and to organize an economy without taxes. The changes in the tax laws, which should have been done since the 1970's, have been speedily introduced after 12 September and sufficient and reliable revenue sources have begun giving a sound look to the budget."

There are three conditions to success in the collection of taxes: First one is the just and comprehensive tax regulations; the second one is a tax administration

which would (apply) these regulations without causing any revenue loss to the treasury and would, within a span of time, bolster the citizenship feelings and morale of the taxpayers to turn them into better citizens and better taxpayers; and the third one is to have a comprehensive and effective tax audit (system) as well as a fast decision making tax justice.

These are irrevocable factors in optimizing the tax revenues. It should be kept in mind that Turkey needs at least 5-6 years before reaching this desired target. For this reason, we consider it useful to note that very frequent changes in the tax regulations prevent both the administration and taxpayer from fully adapting themselves to such changes, and frequent upsets in the balance of action-reaction, which is the basis of taxation, will adversely affect the tax revenues."

9558

CSO: 4654/148

BUILDING, PROPERTY TAXES PASSED BY NSC

Istanbul CUMHURIYET in Turkish 27 Jan 72 pp 1, 11

[Text] Ankara--The National Security Council [NSC] has approved draft bills which provide for changes in eight laws. The newly approved bills reduce taxes on buildings and building lots and raise the tax exemption limits on land and residential buildings in rural areas. The Property Purchase Tax and the Real Estate Value Appreciation Tax have been rescinded and changed into fees.

Five of the laws approved by the NSC bring changes in tax laws and in the law on expediting the collection of taxes.

Changes in the Property Tax Law reduce the tax rate on buildings from 0.6 percent to 0.3 percent. On residential buildings this rate is reduced from 0.4 percent to 0.2 percent. Buildings on shipyards have been exempted from taxes with an eye to encouraging the shipbuilding industry.

The first 500,000 Turkish liras of the value of buildings used as living quarters in rural areas are now exempt from taxes. Formerly, this tax-exempt amount was 300,000 Turkish liras.

Taxpayers who pay less than 50,000 Turkish liras in taxes on their land will qualify for an exemption of 250,000 Turkish liras of the value of their land. According to the new law the tax rate on land will be 0.3 percent; on building lots the tax rate will be 0.5 percent.

Taxes on buildings and land will be assessed and levied following a written declaration by the taxpayer who will have until 1 June 1982 to make additional property declarations. Those who meet this deadline will not have to pay late penalty fees.

Nationalization

Whenever a property is nationalized its value will be based on the most recent Property Tax declaration. According to the new law, in nationalizing a property the government will not pay more than the most recent value declared in the most recent tax form before the effective date of nationalization; on the other hand, if more than 1 year has elapsed between the most recent property tax declaration and the date of nationalization it will be possible

to make extra payments determined by the rise in the wholesale price index during the elapsed period and up to the amount of 1 year's tax on the property. However, the total payment made will not exceed the market value of the property at the time of nationalization.

Rescinded Laws

The Property Purchase Tax and the Real Estate Value Appreciation Tax have been rescinded. Provisions under these laws now come under the Law on Fees. The fees to be charged vary between 1.5 and 4 percent.

Court fees have also been reorganized. According to the new regulations a fee of 200 Turkish liras will be charged at Minor Offense Courts and at Executive and Investigative Offices; 400 Turkish liras will be charged at Courts of First Instance and 600 Turkish liras will be charged at Provincial Administrative Courts, the Supreme Court of Appeals and the Council of State.

Transfer to Municipalities

The building construction tax will now be collected by the municipalities under the label of construction fees. According to the new law, the amount of these fees will depend on the size of the building and on whether the building will be used as a residential complex or as a work place. Accordingly, a fee of 5 to 2,500 Turkish liras per square meter will be charged for buildings to be used as residential complexes and 40 to 900 Turkish liras per square meter will be charged for buildings to be used as work places.

In inheritance and transfer cases assessment on a property will be made on the basis of values declared in the Property Tax form. The exemption limit in Inheritance and Transfer Taxes has been raised to 2 million Turkish liras for families without children.

Meanwhile, literature on works of art and papers such as money orders, receipts, and registered letters sent to foreign countries with the aim of promoting our country will no longer be subject to the provisions of the Stamp Tax.

According to one of the laws approved by the NSC, the Head of State will select the members of a Court of Arbitration from among candidates recommended by the Military Administrative Court.

Organ and Tissue Transplants

The NSC has made changes in the law concerning the donation, preservation, immunization and transplantation of human organs and tissue. According to the new form of the law, it will be possible to take and transplant organs and tissue from persons who lose their lives as a result of accidents or natural diseases without their prior consent. An autopsy will be carried out on these persons after this procedure is complete. According to the new law, it will be possible to preserve unclaimed corpses for 6 months and donate them to institutions of higher learning for scientific research.

Changes in Law No 6136 on firearms give broader powers to judicial and administrative officials and operatives of the National Intelligence Organization to carry firearms.

These laws will go into effect after they are approved by the Head of State and published in the Official Gazette.

Meanwhile, the new law approved by the NSC modifying the Expenditure Tax Law has been published in the Official Gazette. According to this law, freight which is directly shipped to foreign countries without being unloaded anywhere within the borders of Turkey will be exempt from the transportation tax.

9588

CSO: 6454/151

PRIVATE SECTOR RESTATES SUPPORT FOR STABILIZATION MEASURES

Istanbul DUNYA in Turkish 27 Jan 82 p 1

[Text] Ankara--Mehmet Yazar, the President of the Turkish Union of Chambers, said: "The 24 January [1980] stabilization measures have been sufficient to bring the economic potential of Turkey into action." Yazar said: "The Turkish entrepreneur and the Turkish worker have proven their ability to adapt to the difficult conditions abroad."

In a statement to the TURKISH NEWS AGENCY, Mehmet Yazar said that the speedy drop in the inflation rate is a good measure of success for the 24 January measures and subsequent economic decisions. Yazar said: "The inflation rate had dropped to 35 percent from a level of more than 100 percent. The reining of inflation over such a short period of time is a very rare phenomenon in other countries. Restriction of excessive consumption, increases in savings deposits, higher imports and a relative revitalization in industrial output have played important roles in this result."

Private Sector Consents

Noting that the 24 January measures in essence constituted a move toward a free market economy, Yazar said:

"The 24 January measures incorporate the realistic determination of the foreign exchange rate; the lifting of price controls; the minimization of government subsidies; provisions for public as well as private enterprises to set prices in accordance with cost and profit considerations; removal of ceilings on interest rates; reduction of restrictions on imports and a reduction in customs taxes. As is seen, the 24 January measures are in line with the views of the private sector. The failure of these measures will weaken the validity of ideas by the private sector."

Positive Results

Yazar continued: "It was not easy to defend the 24 January measures at the beginning, because whatever was said was at a theoretical level and there were no concrete results to be pointed at. In fact, even during the 1-year period that followed the introduction of these measures a confident comment could not be made. This was because the adverse effects of previous implementation

extended well into 1980. It was after we entered 1981 that it became possible to point at the net results of the stabilization program."

On the net results of the stabilization program, Yazar said in brief:

"We see a noticeable improvement in the public sector. The Treasury as well as the State Economic Enterprises have reduced their reliance on Central Bank resources. Public financing is now better planned and more reasonable. In the determination of floor prices economic realities and foreign market possibilities are no longer subordinated to political considerations. Furthermore, in the determination of floor prices employer-employee relations have been organized such that labor peace is maintained. Today all commercial transactions take place in accordance with the normal interaction of market forces. Black marketeering, smuggling as well as two or three-tier price levels have disappeared. All transactions are now carried out openly and publicly, a single-price structure has come into existence and buyers and sellers no longer have to look for a place for themselves outside their regular markets. The achievement of this result is a very significant development in restoring the Turkish economy to health."

Private Sector Organizations

Yazar noted that although the 24 January measures were basically correct and well-placed, it must be admitted that they also had some defects and imperfections. Yazar said:

"Forcing our business structure, which was shaped by inflationary policies, to face the cruel conditions of foreign markets was a significant change for us. Enterprises which have not been able to adapt to these changes in the past 2 years must be given some understanding and some more time.

"We hope and wish that our business system will adapt to free market conditions without suffering too much damage, that resources will be utilized in an optimal manner and that the principle of stable development will gain complete functionality."

9588

CSO: 4654/161

POOR QUALITY SEED SAID TO LIMIT AGRICULTURAL OUTPUT

Istanbul GUNAYDIN in Turkish 16 Jan 82 p 5

[Report by Kurtar Cakir]

[Text] Adana--Agricultural Engineer and Expert Izzettin Ozgiray, who has been the president of the Adana Farmers Union for 15 years, said that Turkey can export agricultural produce worth \$10 billion if it changes the wheat, cotton and sunflower seeds it is using.

Stating that "a good agricultural policy will save Turkey from asking for charity from others," Izzettin Ozgiray said: "The wheat, cotton and sunflower seeds we are using now are substandard. Consequently, we are not getting an adequate yield from these seeds."

150 Kilograms per Donum

Ozgiray said that because of the "low-quality" seeds used in Turkey the wheat yield in this country is 150 kilograms per donum [1 donum equals approximately 1/4 acre] and that this is much below the world average of 250 kilograms per donum. Ozgiray said: "The wheat seed best suited for Anatolia and the Thrace is of West German origin. If this seed is used Turkey's wheat yield can rise above the world average within 2 years."

Noting that substandard seeds are being used in cotton farming as well, Ozgiray said: "In 1981 there was an increase in the area of wet and dry lands we planted with cotton. Yet there was a drop in the amount of cotton harvested. This was because of the use of bad seeds. Efforts must be made to use the 'Deltapine' type cottonseed developed in the United States. The yield in fields where this seed is used is 450 kilograms per donum while the yield obtained with Turkish seeds is 220 kilograms per donum."

Sunflower Output May Double

Stating that the sunflower farming is also suffering from the use of substandard seeds, Ozgiray said: "If the sunflower seed used in the Soviet Union is used in Turkey we will never need to import vegetable oils from abroad and we will never have shortages in the domestic market. We can double our output and we can sell at least 80,000 metric tons of vegetable oil to other countries. If the quality of wheat, cotton and sunflower seeds is upgraded Turkey can earn up to \$10 billion in foreign exchange from the export of agricultural products."

TURKISH WORKERS IN ARAB COUNTRIES TO REACH 350,000 BY 1985

Istanbul GUNAYDIN in Turkish 21 Jan 82 p 4

[Text] Ankara--It has been reported that Turkey may send 250,000 workers to Middle Eastern countries within the next 4 years.

According to estimates made by the Overseas Worker Problems Directorate General of the Ministry of Labor the number of Turkish workers in Middle Eastern countries, which currently stands at over 100,000, will reach 350,000 by 1985.

Currently, more than 100,000 Turkish citizens are working in the Middle East. Of these, 38,000 are in Libya, 45,000 in Saudi Arabia, 8,000 in Iraq, 3,000 in United Arab Emirates, 2,000 in Kuwait, 1,500 in Bahrain, 1,500 in Jordan and 1,000 in Lebanon.

Constitution of Labor Force

According to information received from officials, of the 3 million foreigners working in Middle Eastern countries 54.8 percent are of Arab origin and 33.7 percent are from Asian countries. Turkish workers constitute 3.1 percent of the foreign labor force. The remaining 8.4 percent consist of workers from Europe, the Americas and Africa.

What Will Happen in 1985?

According to the estimates of the Overseas Worker Problems Directorate General of the Ministry of Labor, the number of Turkish workers in Middle Eastern countries will rise to 350,000 by 1985. Thus it is expected that Turkey will send 250,000 workers to the Middle East within the next 4 years.

If the estimates prove to be correct, the breakdown of Turkish workers in Middle Eastern countries in 1985 will be as follows:

Libya: 150,000 workers; Saudi Arabia: 80,000 workers; Iraq: 80,000 workers; United Arab Emirates: 10,000 workers; Kuwait: 5,000 workers; Jordan: 5,000 workers; Qatar: 5,000 workers; Bahrain: 2,000 workers; Lebanon: 1,000 workers; others: 10,000 workers.

BRIEFS

TURKISH-INDONESIAN INVESTMENT AGREEMENT--A delegation headed by Public Works Minister Tahsin Onalp is continuing its contacts in Jakarta, Indonesia. An agreement was signed between Turkish construction officials in Onalp's delegation and the Indonesian construction union envisaging joint investments in the Middle and Far East. [Text] [TA111651 Ankara Domestic Service in Turkish 1600 GMT 11 Mar 82]

IRON TO IRAN--A deal has been concluded between the Eregli iron and steel plant and Iran whereby 80,000 tons of sheet iron will be exported to that country. The director general of the plant Muzaffer Tugal, has said that the sheet iron will be delivered to Iran within 4 months. The export will ensure \$24 million in foreign exchange. [Text] [TA112037 Ankara Domestic Service in Turkish 2000 GMT 11 Mar 82]

BALKAN TOURISM MEETING--An agreement has been reached to develop tourist transportation among Balkan countries. The meeting of the transportation exports of official tourism institutions in the Balkan countries has ended in Istanbul and a protocol has been signed. Speaking at the signing ceremony, the director of the international relations department at the Culture and Tourism Ministry, Ozer Sezgin said that the meetings which lasted for 3 days will be beneficial to the development of tourism in the Balkan region. Transportation expert from the Romanian Ministry of Tourism (Marlos Teodorescu) said that important steps were being taken at the meetings regarding the solution of transportation problems. According to information received, the protocol envisages the development of regular or charter flights among Balkan countries and the organization of maritime lines covering all Balkan countries. The protocol, signed by Turkish, Bulgarian, Romanian and Yugoslav representatives, will be implemented after the approval of the Balkan countries official tourism establishments confederation meeting expected to be held this year. [Text] [TA121707 Ankara Domestic Service in Turkish 1600 GMT 12 Mar 82]

CSSR TRANSPORTATION AGREEMENT--Ankara, 14 Mar (AA)--A highway transport agreement between Turkey and Czechoslovakia signed in Prague on 30 June 1981 has been ratified by the Council of Ministers. The agreement provides for permits to vehicles carrying passengers or goods in transits, at fees to be fixed by mutual assent. [Text] [TA141812 Ankara ANATOLIA in English 1505 GMT 14 Mar 82 TA]

CEMENT PRODUCTION CAPACITY--Ankara (THA)--Of the five cement factories currently under construction, it was announced that the ones in Adiyaman and Samsun will begin production this year, the ones in Diyarbakir and Siirt will begin production next year and the one in Urfa will begin production in 1984. According to information received from Turkish Cement Industry officials, with the initiation of production by the abovementioned five factories, a total of 1825 persons will be provided with new job opportunities and these factories will provide 6 billion lira per year in added value, at 1981 prices. With the initiation of production by all of the cement factories, whose total capacity is 3.112 million tons, Turkey's total cement production capacity will rise from 21 million tons to 24 million tons. [Excerpt] [Istanbul MILLIYET in Turkish 11 Mar 82 p 4]

CSO: 4654/213

GROUP LEAVES WALLOON SOCIAL CHRISTIAN PARTY

Brussels LA LIBRE BELGIQUE in French 3 Mar 82 p 4

[Article: "The Position of the CEPIC (Political Center of Christian Independents and Cadres) Is 'Outside the Exclusive Framework of the PSC (Social Christian Party)'--It Will Defend Its Program by Way of Individual Memberships"]

[Text] It will come as no surprise to our readers that the CEPIC announced on Tuesday its transformation into a "Christian independent political center" whose action will henceforth be "outside the exclusive framework of the PSC" but which insists on its fidelity to the PSC's basic ideas and to the doctrine of the CEPIC manifesto of 1975--a PSC in which "the CEPIC will be able to defend its program at all levels by way of the individual adherence of its members" and with which it does not want to enter into conflict even if it is surprised at a "certain partiality." The CEPIC does not intend to form a new party in the present circumstances. And in the event of expulsion? "Is anyone going to treat us as heretics because we are too PSC?" declared Dr Henrard.

Here, then, is the "Christian independent political center," by reason of the evolution that has occurred within the PSC, "in which a family structure is not permitted." An autonomous and enlarged CEPIC that is concerned about the future of the PSC, that wants to recruit among all components of society and is counting on a reservoir of sympathizers "who were repelled by the collaboration with Christian Democracy within the PSC."

Regretting that Mr Deprez has not always received its president, the CEPIC was surprised by "a certain bad odor of partiality" and by the "monopoly of attacks" against it by the PSC leadership. "It is tolerated that Christian Democracy is maintaining its structures and its outside connections and is bringing out its review again, that the Rally of the Center is structuring itself as an ASBL [nonprofit organization]." In Dr Henrard's view, Christian Democracy and the Rally should also structure themselves outside the party.

Other remarks picked up during Dr Henrard's press conference: "Isn't Mr Deprez's idea of eliminating the family structures in order to safeguard party unity a cure that is worse than the sickness?"; "We do not at this time intend to form a party, but the future is up to God"; "The majority of our members are PSC at the same time, but we do not prohibit those who want to defend our program elsewhere from being members of the CEPIC"; "Why does President Michel--whom, for that matter, we do not intend to contact--forbid the members of the PRL [Party of Liberty and Reform] to affiliate with the CEPIC, which is surprising for a party that favors the

free movement of persons but that increasingly resembles the PSC in its polymorphous aspect?"; "Expel us from the PSC? That would be an attitude worthy of the Polish and Russian Communist Parties: we are not showing any deviationism, we are faithful to the basic ideas of the PSC--which is not the case with the MOC [Christian Workers Movement]; in fact, we appear to be considered heretics because we are too PSC!"; "Bipolarization? If we are pushed to it--while we reject it--we will be in a better posture than the PSC by itself"; "If there is conflict with the PSC, it will not come from us; but we will not be sheep led to slaughter"; "Would we be intolerable because we are of the center-right--and not of the far right--in a party that certain persons want to swing to the left?"

The Program

Dr Henrard cited several of the main lines of the doctrine of the CEPIC as an "expression not of a 'musclebound right' but of moral uprightness and ideological courage."

Among them are:

--devotion to respect for individual dignity, personal liberty and social solidarity, which implies in particular rejection of the class struggle, of statism, of the dictates of the trade-union general staffs and of the abuses of a certain hypercapitalism;

--devotion to the Christian values and moral and family values, including rejection of the liberalization of abortion, "for no pretext of collective interest or of personal convenience can abolish the right to life," defense of free education, challenging of the renovated education;

--resoration of national solidarity and reestablishment of a coherent Belgian state, with promotion of a new contract of confidence among the three linguistic communities that prevents regionalization from crystallizing the subnationalisms, and a question: wouldn't provincial decentralization have been preferable to the reform scale?

--restoration of political morals, "tainted by patriarchy" (with suppression of the "case de tete" and introduction of the referendum).

--Western and Atlantic solidarity.

Prominent persons attending the press conference were: Mr Frippiot, member of the steering committee of the PSC; Mr Vincent, chairman of the PSC of the arrondissement of Dinant; the chairmen of the CEPIC arrondissements of Brussels, Soignies and Liege (Mr Noel de Burlin, Mme Tronjois, Mr Burlin); Mr Allard, chief of the PSC group in the provincial council of Namur; and Mr Vankerhoven, vice president of the CEPIC.

11267

CSO: 3100/407

BRIEFS

VISITS BY FOREIGN MINISTERS--The government spokesman announced today that foreign ministers from five countries will officially visit Cyprus during the next 2 months. They are the foreign ministers of Syria, India, Hungary, Czechoslovakia and Sri Lanka. Four of them will visit Cyprus in April and the fifth in May. The exact dates for the visits will be announced later. [Text] [NC192004 Nicosia Domestic Television Service in Greek 1830 GMT 19 Mar 82]

CSO: 4621/231

SCHMIDT'S ISOLATION WITHIN SPD, CABINET VIEWED

Hamburg DIE ZEIT in German 5 Feb 82 p 4

[Article by Gunter Hofmann: "Chancellor With a Bass Drum. What Can Helmut Schmidt Do? What Does He Want?"]

[Text] "I don't want to leave the ship. But I also have to say that a ship with 7, 13 or 27 would-be helmsmen can't be kept on course for very long."

Something of Helmut Schmidt's ambivalent mood, at the beginning of 1982, is reflected in this remark. His threats to leave have been aimed in all directions, yet he really wants to stay. His party is behind him as it never has been before on the issue of Poland, yet Schmidt will explode on every trivial issue within the SPD. He beats the bass drum and, more urgently than ever, searches for dialog.

To his Hamburg party colleagues he preaches the willingness to compromise and draws the picture of an SPD with working people as its cadre but with intellectuals here and there among them. And then, all of a sudden, his fingers will itch to put his signature to Richard Loewenthal's position paper with its uncompromising tone describing the two irreconcilable camps in the SPD. A snapshot of Helmut Schmidt offers a panorama of contradictions.

There are explanations enough for all this. Schmidt himself would probably say with a sigh that he has never before had to expend so much energy, inwardly and outwardly, to carry through his policies. One can see it written on him. The year 1981 was characterized, more than anything else, by the fact of his threatening to throw the whole business in. At first he hitched his political future to the SPD's response to the NATO double decision, then to the success of the Geneva disarmament talks, meaning the willingness of the Soviets and the Americans to compromise. At the beginning of the new year Schmidt pushed through his economic policies by threatening that he would no longer accept the chancellorship if these plans were not accepted.

Resistance Grows

As the conditions that determine the success of his foreign and social policies have grown worse, so too has resistance to them and the clashes of interest intensified: real personal income that has been declining now for

the second year, growing unemployment; growth in productivity but scarcely any growth in the economy; high interest rates that have stifled improvement in business activity; in foreign policy a tug-of-war over NATO missiles and over the right response to the events of 13 December in Poland; add to that bad news from Washington and ambiguous news from France--apparently Helmut Schmidt is under pressure from all sides. And wherever he looks, the would-be helmsmen show their faces.

Looked at from Schmidt's perspective it is understandable that he yearns more than ever for a party that would give him solid support, that would cover his line of retreat and loyally "popularize" his policies, as someone close to him put it. But, as we know, the SPD is not having any of it; even in times of crisis, opinions on the right course to follow are too divergent.

Is it Helmut Schmidt against all the rest? In moments when he is inclined to introspection--and they grow more frequent--he might say yes to that question. The Bundestag [Lower House of Parliament] fraction? It looks for all the world like ballast. Alas, it is looking at this moment to oblige the cabinet to "consultations" with the parliament on future arms exports, as stated in a recent position paper. The notion does spring from experience and could prevent conflicts, but the chancellor's office let it be known that this proposal was tantamount to an indecent proposition. The fraction ought, if they don't mind, to get back in line. And so, unlike last summer, it will not be kept really informed about the course of consultations on the coalition, but will only be told after the fact. It is going to be made clear for all to see: the chancellor is steering the ship and nobody else and Herber Wehner forbids any communication with the fellow travellers in the coalition.

Herbert Wehner? Granted, there is no question of his loyalty to the chancellor. To Schmidt, who else? But conditions in the fraction are no longer such that the old man at its head, with a few generally accepted leaders at his side, can make the SPD close ranks behind the chancellor and make it march.

The SPD? Helmut Schmidt's links to the party which he joined some 34 years ago, are firm. Of course he wants to be loved. He is now travelling every weekend from party congress to party congress, even though he complains about it. He seems to view every resolution of a regional party congress as a vote of confidence for himself and his policies. And yet--27 would-be helmsmen in the party's executive council, where Willy Brandt in his own fashion holds the reins, are still 27 too many for him. Everyone there has the same authority, the sly Oskar Lafontaine as well as Erhard Eppler, whom the chancellor would just as soon not have seated at the same table.

In brief, Helmut Schmidt's tolerance for people who do not share his views or who do not comprehend the constraints under which he must work, who do not recognize the "rationality" in his policies, has not grown to the same degree as has the number of party members who argue: what we want is not a different chancellor but different policies.

Thus it often looks as if Schmidt were uncomfortable with the applause from his own party. This disinclination to praise from the SPD cannot be fully

explained by citing conservative leanings. Also at work, apparently is a concern lest he be praised for positions that are untenable. One cue: the motion scheduled for the national party congress which--with Schmidt's blessing--calls for the SPD's agreement to the stationing of medium range missiles in 1983. Or, for another: the moderate course pursued with regard to Poland.

It was for just this that the SPD has praised him, but now he is wavering once again and the party is pulling out its chestnuts. The international room for maneuver is growing more and more limited, Schmidt complained recently to the party's executive council, especially because of Poland. When he was then urged to press his detente policy "more aggressively" upon the Americans, instead of allowing himself to be shocked by U.S. press reaction, Schmidt replied: the United States has to be handled more carefully and Bonn would have to close ranks with Washington. The SPD, Schmidt continued, was creating the impression of "equidistance" between the superpowers. What remained was the impression that Schmidt felt that this front could no longer be defended. Or in any case: what remained was an unclear picture of what the chancellor can do and will do.

Willy Brandt: He will not leave Schmidt out on a limb, but irritability between the two has increased. Not only does Brandt pose himself to run interference for the SPD, as motley a group as it is, but he is also back into politics. It often looks as if Brandt were for Schmidt the living symbol of the fact that there are helmsmen at his side that he will never be rid of.

The cabinet? Schmidt regards his team as steady and loyal, but these ladies and gentlemen certainly do not present the best example of discipline. And Hans-Dietrich Genscher? For a while it looked as if a new harmony between Schmidt and him had been created. But at least since Wehner's ploy (which Schmidt gave his blessing to after it was a fact) of talking in public about the chancellor's threat to resign, their differences have again emerged. In addition to this it is accepted in the chancellor's office as "a known fact" that the foreign minister had leaked to the press a paper prepared by his planning staff dealing with the relationship to the United States. In it, Schmidt's role as "interpreter" between the world powers was questioned, a role which Schmidt had written and cast for himself.

Optimism in the SPD

These are the conditions under which Schmidt is expected to survive the most difficult legislative period of his chancellorship. It is clear that in the field of foreign policy it will not be child's play, particularly when the issue in 1983 is whether Pershing II missiles will be stationed in Germany to counter "these damned SS-20 missiles" as Schmidt put it in Hamburg. A zero-sum game he feels to be unattainable. The conflict must seem to him as one in which no odds can be set and, from today's perspective, one that cannot be resolved through consensus.

On the way, certainly with all deliberation, linked his threat of resignation to a domestic issue: to the state of the economy. This is also a social

democrat issue--and one for which he is competent. But even here there are many variables. And the SPD's scepticism is written large, whether he will hold fast to their traditional values and goals in this area especially. Schmidt, after all, did not commit himself very strongly last year to the idea of an employment program, with which he now claims he will stand or fall.

There are times when he betrays the feeling that the game is nearing its end, even when he asserts that he will not leave the ship. Helmut Schmidt evidently assumes that when he goes, so too will the era of social democrat chancellorship. Private feelings also enter into it. He gives voice to these more and more frequently with the observation that he has not had all that terribly much from his life. Nothing but politics--that can't be all that it was meant to be? For Bonn, and especially for Schmidt, this dream is typical: the dream of a life still to come, of a life that only really begins sometime after politics.

With ambivalent feelings of this sort, Schmidt at 64 is in much the same state as another chancellor who--a little older (71) and in poor health--extremely popular, is also torn in both directions over the question of when he should leave and how long he should stay, and to whom it is no accident that he should feel closely drawn for some time: to Bruno Kreisky, the incomparable.

9878

CSO: 3103/301

SPD, FDP DISARRAY, NEED FOR CHANGE DISCUSSED

Hamburg DIE ZEIT in German 12 Feb 82 p 1

[Article by Diether Stolze: "Journey's End. The Coalition's Final Performance: When Gestures Replace Politics."]

[Text] Helmut Schmidt now has, signed and sealed, what he already knew: as long as the coalition holds together, he will remain its chancellor. The vote of confidence confirmed the generally accepted fact that the SPD and FDP have a majority in the Bundestag [Lower House of Parliament]. But do they still have one among the people? If opinion surveys can be regarded as reliable, the result is: if there were an election today, the opposition would win. But opinion polls are no substitute for an election. Chancellor and coalition were validated in 1980 for 4 years. And Willy Brandt says, "We are not going to run away ..."

No, this chancellor is not likely to run away. Helmut Schmidt has always regarded the exercise of power as something natural to him, even as his duty. But precisely because the chancellor feels himself obligated to the Prussian virtue of service to the state, it will become more and more clear to him that he has reached the end of his road: simply sticking it out in office cannot be sufficient.

Nothing is more characteristic of the coalition's situation than Schmidt's decision to seek a vote of confidence for himself and not for a program. In this way it has become clear to everyone that the partners of 1969 might still swear loyalty to each other--but can no longer take the risk of defining the political substance of their partnership. Subsidization of economic growth, readjustment of public finances, assuring domestic peace--on these and other issues the coalition is no longer able to make reasonable decisions. Gestures, on the other hand, cannot replace politics.

The discussion within government circles about unemployment and what to do about it has long since become a grotesque parody of itself. Seldom has a "crisis" been so long predictable (not for months, but years), seldom have responsible politicians had such adequate opportunity to find ways to deal with it calmly and promptly. Nevertheless, something called an employment program had to be hammered together hastily in hectic all-night sessions. Intimidated by the chancellor's threat of resignation, the cabinet voted to do

what it had repeatedly promised not to do--to spur the economy by raising taxes. The NEUE ZUERCHER ZEITUNG gave its diagnosis of "a somewhat absurd constellation," because the chancellor had tried to push through a policy "which not even he himself had wanted."

In any case the dispute over the program is scarcely worthwhile, because no one knows what it will look like in the end. The coalition is putting on no better performance in the winter garden than it did in summer stock: the program's financing still remains uncertain and unsound. Uncertain, because the Union parties in Parliament will not vote to increase the value-added tax; unsound, because this year's programs are to be paid for by increased revenue from next year. Otherwise, things within the coalition have returned to normal since the vote of confidence--they are as much at each other's throats as ever. Brandt and other Social Democrats demand changes--and Genscher, as usual, warns his partners against "debating the coalition to death."

The Real Danger

Yet how are Social Democrats and Liberals to agree on a common therapy when they are still putting forward contradictory diagnoses? The Social Democrats are still holding fast to the state's guarantee of full employment that Willy Brandt once formulated in one of his many weak moments--and thus entangle themselves further and further in the mistaken notion that jobs will be created by the state's financing ever more costly economic revival programs through steadily growing indebtedness and, what is more, the growth of government bureaucracy. At least the Liberals have come to understand that unemployment is the symptom of a more deep seated calamity.

The real danger is to be found in the fact that the social-liberal coalition achieved in the 1970's the exact opposite of what they had once promised in the enthusiasm of their coming to office. A "modern Germany" was the password of 1969--yet today the Germans seem to have grown smug, lazy and plagued with doubts about the future.

We have been palavering about co-determination instead of spurring our industry to peak technical achievements by support of research efforts; we have--out of plain fear of minority groups--some of them violent--abandoned, unused, what was once our top-ranked position in the field of nuclear energy for peaceful purposes; we have burdened our enterprises with growing benefit programs and constrained them with bureaucratic guidelines--so as now to be able to bemoan the many bankruptcies and the loss of jobs.

The examples could be multiplied, but they all lead to the same conclusion: during the 1970's we suppressed the simple truth that a society based on accomplishment was not the opposite of a society based on solidarity, but was instead its precondition. It is only accomplishment that can make a country rich. And only a rich country can pay for all the things we want: social security, a clean environment, military preparedness, help for the needy in our own country as well as abroad and many other things.

Hans-Dietrich Genscher came late--but perhaps not too late--to the recognition that we were on a downhill slope and last fall demanded a change of course. Granted that the FDP has to date shied away from acting on this promise. For there is no evidence that a political change of course can be achieved with its SPD partner.

The senior incumbent party is--as revealed each day once again--deeply split. For a long time groups within the SPD have turned their backs on the Godesberg platform and are openly looking for "a different republic." Those on the Left reject an industrial society predicated on growth, they scorn nuclear energy and other large-scale projects, they argue heatedly against armaments and "capitalism." The ancient German fears of a technological civilization are conjured up once again by visionaries and radicals. Yet even the chancellor's paladins are now evidently less and less willing to endure what they must, at least grudgingly: the definitely tame Westphalian Social Democrats have just recently passed a motion rejecting the government's economic policies lock, stock and barrel.

What is at Stake is Credibility

So one conclusion suggests itself: the Liberals will only be able to initiate their promised "change of course" if they choose the present opposition as their new partners. The Union and the FDP would have no problem in agreeing to support a growth-oriented economy based on free market principles, to reject all tax increases, to strengthen state investment and limit state consumption, to cut back on the proliferation of the welfare state (so as to be able to finance future social security payments). Both parties, at one time or another, have put forward proposals for readjusting state financing, which, when consolidated, could save several billion marks and, in addition, reduce the burden on industry: from the reduction of financial aid to students to more stringent standards for the retraining of workers to the introduction of waiting periods for unemployment benefits.

Perhaps even more important than agreement on a cause would be the gain in credibility. The Schmidt cabinet has played out its credit through the month-long wrangling over state finances, by its constant writing of checks that are not covered and which then have to be recalled immediately.

Yet why do the Liberals lack the courage to make a new start with the Union? The repeatedly heard warning, especially from the chancellor, that a change of power would endanger German foreign and security policy, is no longer very convincing. After all the NATO double decision was not a bone of contention in the Union parties but within the SPD. And if in Washington there should once again be the certainty that a Bonn government found undivided support for its alliance policy within its own ranks, this could certainly do no harm.

Besides this: Helmut Kohl and the Union know that they will only be able to come into power before 1984 with the help of the FDP. Genscher will certainly (still) be able to set conditions...

Last October Theo Sommer wrote in this column, "The social-liberal coalition has in the original sense of the word, gone bankrupt." The past few months have only confirmed this thesis once again. Just as in 1969 many friends of the Union parties advised them to regroup themselves on the opposition benches, this now holds true for the Social Democrats: they have got to forfeit their responsibility so as to find their way back to themselves. The abyss between "the two SPD's has grown too deep. In the long run a party cannot be in favor of an industrial society, growth and defense--and at the same time be against these things with all seriousness.

Helmut Schmidt, by his own commitment, has kept together that which has long since wanted to, and had to, fall apart. As early as 1976, and certainly in 1980, Germans had voted for the chancellor and not for the SPD. Yet he has distanced himself from his party as it has from him. The result is that he has to race from one regional party congress to another to ensure that the rank and file do not break away from him. What is happening to him now is what Friedrich Sieburg wrote of Napoleon's farewell to power, "the image vanished away out of time..."

9878

CSO: 3103/300

DILEMMA OF HESSE FDP ANALYZED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Mar 82 p 10

[Article by Bernd Erich Heptner: "Egg-Dance According to Bonn Disharmonies. The Hesse Free Democrats Show Themselves To Be Disoriented"]

[Text] Wiesbaden, March--As he said recently, Hans-Dietrich Genscher wants to make the provincial diet elections in Hesse on 26 September into a test election, an election over himself and his policy. Perhaps it would have been better for him not to have said so, for this test could come out negatively even before it takes place. For how would Genscher look if the Hesse Free Democrats should decide in favor of a coalition with the CDU and thus for an end to the almost twelve-year-long alliance with the SPD or instead for an open coalition statement which in the final analysis would seem to point in the same direction?

Both of these things were for a long time regarded as being nearly impossible in Hesse--in spite of occasional tensions in the Wiesbaden government alliance and in spite of all sorts of considerable different political conceptions, for example in economic and energy policy and increasingly also in education and school policy. It seemed unthinkable that the Bonn coalition is to lose its last color-matched support in a federal state--if one disregards for once a minority in the Hesse FDP which already four years ago would have preferred to enter into a coalition with the CDU in Wiesbaden. Yet the minority of those who can imagine the FDP only on the side of the SPD forever, and the handsome group of those who, to be sure, in their heart feel drawn to the Social Democrats, but out of fear of the loss of their parliamentary existence would also decide against them with their heads, seemed to be agreed by and large: Keep going with the SPD or, more precisely, with Boerner, who, in contrast to his party, is distinguished by reliability.

What for a long time appeared to be a matter of course--for the coalition partner SPD as well--and was not discussed very much must most recently perhaps be put in question after all. To the extent to which crackling noises can be heard in the Bonn coalition, which may sound more dramatic than they are, people in the Hesse FDP engage in reflections about whether after all only the one coalition statement really is involved or whether one does not aim past the "mood of the nation" with it. Whether this pensiveness and irritation on the part of many Hesse FDP members is merely of a temporary nature, perhaps merely a reflex of the events in Bonn, and with a stabilization of the Federal Government will disappear again, is difficult to say. It has happened several times already that the Hesse FDP during ten-

sions in Bonn or Wiesbaden behaves a bit more openly--not openly--only to break in-
to confessions of loyalty to the larger partner shortly afterwards.

Only the following can be determined: No subject is covered with so much official
silence in the Hesse FDP at the present time as is the coalition statement. And
about no subject is there as much unofficial and indirect talk as about this sub-
ject. Officially and semi-officially the word is: The question of the coalition
statement will not be decided until a party congress is held in June, not sooner
and not later; whether the party management will make a recommendation on the
matter is doubtful; in any case, no open discussion in the FDP must be permitted
on the subject before the elections in Lower Saxony and Hamburg are over. In other
words, the coalition question was declared to be taboo by the party leadership.
This position is also to be maintained at the provincial party congress in mid-
March in Kassel, which is to deal with the composition of the provincial election
list and the election program. This program, to the extent to which it exists in
draft form, could be endorsed by the CDU opposition in nearly all essential points
without scruples, as it has made known. But this does not mean a lot. Programmatic
proximity to the CDU, as experience has shown, does not prevent the FDP to ally it-
self with the SPD. For the opposite, too, there are examples from Hesse municipal
politics; in spite of considerable differences in school policy, CDU/FDP alliances
came into being.

The official taboo, of course, does not prevent the Wiesbaden FDP leadership from
making veiled references to the subject of coalition time and again itself, even
though the people in the leadership at times seem to be extra careful that their
different statements taken together do not permit the recognition of a direction.
Like the party friends in Bonn, they also speak to some extent in assigned roles.
Minister of Economics Hoffie, who has taken over the part of Graf Lambsdorff,
comes up with the diagnosis, for example, that "the stock of commonalities" of the
Wiesbaden coalition is shrinking; he also expresses doubt in the partner's "capa-
city to act" in view of the conflicts that again and again burst open in the Hesse
SPD. In return the FDP chairman, Minister of the Interior Gries at the first op-
portunity engages in polemics against the CDU chairman and top candidate Dregger
and depicts an absolute CDU rule as a nightmare; to be sure, this polemic does not
go so far as to erect a hurdle that would be difficult to overcome for a possible
coalition, into which one after all might be forced on the basis of the election
result alone (the FDP is unanimous that "there will be no Berlin circumstances in
Hesse").

If Minister of the Interior Gries, normally a loyal alliance partner on the basis
alone of the human ties that have developed during the long joint years of govern-
ment, as an exception shows a hint of coalition fatigue, one can be sure that the
parliamentary party head Wilke, the Wolfgang Mischnick of the Hesse FDP, immedi-
ately declares the alliance to be jolly and durable. Sometimes two roles are played
simultaneously by the same person.

It is a real egg-dance which the Hesse Free Democrats have been performing for a
number of weeks, especially since no clear melody rings across from Bonn to Hesse
anymore, but almost only discords. And for their own melody there exists at the
present time neither an orchestra nor music, at the most a collection of soloists
who have not even all tuned their instruments. Nevertheless there is the one or
the other agreement on what piece of music must not be played: For example, a

death ballad on Holger Boerner. In no case does the Hesse FDP want to appear in the eyes of the public as the party responsible for the end of the Boerner government. And actually the FDP would not like to play an entirely new piece of music--for this the "trauma of changing sides" is too deeply embedded; with what arguments that everyone can ratify later shall it justify a change from the SPD to the CDU--unless the Bonn people lead the way. So not a single one remains--or the old song?

8970

CSO: 3103/337

SPD DISCUSSES SCHLESWIG-HOLSTEIN ELECTION LOSS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Mar 82 pp 1, 2

[Article by "hls": "SPD Ponders Schleswig-Holstein Mistakes"]

[Text] In the absence of the chancellor, the SPD presidium made an attempt to assess the decline of the SPD in the Schleswig-Holstein communal elections. The very fact that the chancellor's absence went unexplained gave rise to speculations in Bonn. It may be recalled that the first reaction to the communal elections in Lower Saxony last September—the last comparable event—almost led to a break between Schmidt and SPD chairman Brandt. The SPD presidium faced a somewhat similar dilemma; the left Schleswig-Holstein land organization made the chancellor's policies and "Bonn" responsible for the defeat while Schmidt and those politicians in the SPD Bundestag fraction who support him were inclined to view continuing opposition inside the SPD to the chancellor's policies as one of the factors leading to the defeat. In conversation, one of the candidates for a seat on the presidium to be elected at the SPD party congress in Munich said: "On the left and among the Greens we have nothing to gain and probably more to lose by playing up to them. We will have to orient ourselves more clearly toward the center—which in internal SPD parlance would mean to the right."

After the Lower Saxony loss last fall, the SPD at first also tried to find solace in "self-consolation" but then Brandt himself, acting under pressure of his own party, began speaking of a "low point." Now this low point has by no means been overcome. Although there was talk (by Brandt and Glotz) of signs of a comeback, the SPD lost substantially among its most important voter groups. In a working class district in Kiel, for example, it lost 18 percent. In that particular district, to be sure, it faces the difficult decision of how far to go in supporting local sentiments against foreigners. The SPD itself is still working out its position on how to stem the influx of foreigners while at the same time not surrendering to "anti-foreign" sentiments. In this instance, too, the SPD is confronted with one of its fundamental problems. If it followed the advice of the politicians representing its labor union constituency, it would pursue a kind of keep-the-foreigners-out policy. But if it listened to its new advisers, it would look to "integration" as in the case of the Greens and the alternatives.

Another point being discussed by the SPD presidium as it pondered on ways of regaining its position on the communal level was how the party which was used to measuring progress in quantitative terms should now adapt to the change in values on the part of society. Most of all in the cities, it was said, people are looking for more manageable forms of communal life. To recapture "communal competence," organizations like Neue Heimat that were created in response to a different age would have to be restructured. The discussions of the SPD presidium, it was said, were characterized by thoroughness and a matter-of-fact approach. The idea was to make the best of the Schleswig-Holstein defeat. Employment policy is a central issue there. On this issue, the CDU/CSU is open to criticism, a fact sometimes overlooked by SPD members.

The SPD presidium also dealt with the preparation for the balloting to take place at the Munich party congress. The official slate proposed by the SPD presidium will not be worked out until next Monday. It is customary for the presidium to run for reelection in its present composition—except for those members whose withdrawal has already been decided upon. This time, former Berlin lord mayor Stobbe (who presently represents the Friedrich Ebert Foundation in New York) and one of the two parliamentary state secretaries in the labor ministry, Buschmann, will withdraw. And if SPD district chairman Junker from Ostwestfalen/Lippe stays with his decision to leave the presidium under protest, there will be three seats to be filled—for which there certainly are more than three candidates. The Western Westphalian district would like to see one of these filled by Helmuth Becker who once was responsible for the SPD fraction's relations with the churches, federations and associations and who now is parliamentary state secretary in Gscheidle's postal ministry. Most recently, Becker received the most votes in the balloting for delegates of the SPD fraction to the party congress.

The Berlin land organization wishes to nominate a successor to Stobbe. SPD party director Glotz would like to run although he already belongs to both the presidium and the executive committee in his present capacity. There are those who would like Glotz to waive the honor and make way for Hugo Brandt, the Rhineland/Palatinate SPD leader, to join the executive committee. Whatever the executive committee proposes on Monday, deputy fraction chairman Roth (the former chairman of the Young Socialists and a former member of the executive committee) has already announced his candidacy. Becker, too, is ready to run whether or not the executive committee enters his name. Other SPD politicians who might run but have not been heard from in the recent past include Klose (Hamburg), Scherf (Bremen) and Karsten Voigt. The members of the social democratic women's working group are also trying to retain or increase their number of seats. They are now supporting all women members on the executive committee including even those whom they rejected as being "too far to the right" at the last party congress in Berlin.

One of the first decisions the newly elected executive committee will have to make is to agree on the composition of the SPD presidium. The fact that von Certzen from Lower Saxony intends to run may ruin the chances of the present presidium member Eppler as the representative of the left wing of the party.

On top of that, the SPD is confronted with the problem of having to cut down the presidium membership to the level prescribed by the party statutes. Glotz wants to be reelected. SPD treasurer Halstenberg also wants to be a member of the presidium. Glotz has denied reports according to which Brandt had dropped Eppler. The party chairman, it was said, would not think of coming out against any member of the presidium.

9478

CSO: 3103/343

SCHLESWIG-HOLSTEIN ELECTION RESULT ANALYZED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 9 Mar 82 p 2

[Article: "Stoltenberg Sees SPD Losses as Grave Crisis for Land Party--Bare Absolute Majority for CDU/Municipal Election in the North"]

[Text] Kiel, 8 March--In a municipal election campaign which was heavily influenced by federal politics, the CDU just barely managed to win an absolute majority. The SPD was the unmistakable loser. The FDP barely maintained its standing. In 10 of the 15 districts and non-district cities there will in the future be some variations of Green organizations represented, compared with 2 in the past. With 50.1 percent of the votes, the CDU gained 0.9 percent over its showing of 4 years ago. But the Union did not show a result similar to the one in 1974, when the Bonn SPD/FDP coalition was also faced with a "headwind." At that time its share in the Land vote was 53.1 percent, compared with the present 50.1 percent, in similar elections for Kreistage [district assemblies] and representation in the non-district cities.

The present outcome was influenced also by a relatively low voter turnout. It amounted to 73.9 percent, compared with 78.3 percent 4 years ago. That is how it happened that the CDU managed to obtain a percentage gain, even though it got almost 2,000 fewer votes than in 1978. On the other hand, the voters abandoned the SPD in droves. Some of them did not vote at all, others switched to Green, alternative and varicolored groups. The SPD dropped to 34.6 percent in the Land elections and thus lost 6 percentage points compared with 1978. In actual numbers the SPD lost one-sixth of the votes compared with the municipal elections of 4 years ago; compared with the 1980 Bundestag [Lower House of Parliament] elections the SPD lost about one-third of its voters in the Land.

With its 6.8 percent, the FDP's showing was barely similar to its 7.3 percent of 4 years ago. The FDP has lost its representation in the city of Neumuenster. It returns to the Kreistag of Steinburg, the location of the Brokdorf nuclear power plant project, where it obtained 5.7 percent. In the city of Flensburg the FDP remains without mandate. Compared with the Bundestag election of 1980 the FDP lost 120,000 votes in actual numbers; it only obtained 96,000 votes. But it showed a slight improvement compared with the Landtag elections of 1979. The FDP's Landtag election share was 5.8 percent. The SPD/FDP coalition in Bonn, which in the 1980 Bundestag election amounted to 59.4 percent in the Schleswig-Holstein race, shrank to a minority of 41.4 percent

in the municipal elections; but this type of comparison must be viewed with caution.

The various Green, alternatives and multicolored groups won almost 7 percent of the votes in the Land. It was difficult to make a distinction between them, since the Land election commissioner merely totaled their results. He allocated 3 percent to the communist-Maoist influenced nationwide "Green" party and 0.9 percent to the more conservative "Schleswig-Holstein Green List." But he calculated an additional 2.4 percent for Green voter groups, which could partially belong to one or more Green groups or to coalitions of the two. Specifically, representatives of the rather leftwing national "Green" party became members of three Kreistage and the Kiel city government. The more conservative "Schleswig-Holstein Green List" only entered the East Holstein Kreistag, and municipal organizations allied with it reentered the Kreistage of North Frisia and Steinburg, where they had already had seats since 1978. They even gained one seat each in both Kreistage. Added to this are other Green voter groups of miscellaneous composition which entered three additional Kreistage or non-district cities and amassed a total of eight seats. Either the "red tinged" or the conservative Greens had entered the campaign in most municipal parliaments. Both campaigned in Luebeck and in Flensburg. The result of this was that they obtained about 3 percent each, short of the 5 percent minimum, and therefore obtained no seats.

Of interest are the results of the four non-district cities, which serve as a particularly drastic illustration of the Social Democrats' losses. In the SPD bastion of Kiel it is now questionable whether there still is a constructive majority in the city parliament. The CDU, with its 44.1 percent, became the strongest party, replacing the SPD. The Social Democrats dropped to 41.4 percent, thus losing nine percentage points. The CDU now has 23 seats, the SPD 22 and the FDP two. But the SPD and the FDP together do not have a majority of seats, since the Greens (the national party's regional organization, thus the left-wingers) obtained two seats. In Kiel, people are now waiting to see whether the FDP will decide to form a politically stable majority with the CDU--which would be the only possible way--or whether in the next 4 years there will be changeable majorities in the Land capital.

All three Bundestag parties are worried about the results obtained by the "Kiel List for Limitations of Foreigners," which amounted to 3.8 percent of votes in the Land capital. In workers' districts and in the SPD bastions on Kiel's eastern shore (where many Turks are living), this group, whose only "program" deals with the exclusion of foreigners from the FRG, obtained more than 6 percent of the votes in some election districts.

Of further interest were the results in Luebeck and Neumuenster. With 46.8 percent and 47.4 percent respectively, the CDU won an absolute majority of seats. The non-district city of Flensburg is unique in that the Danish minority, the South Schleswig Voters Association (SSW), has a base there. In Flensburg it won 11 seats, two more than previously. In Flensburg the SPD "governs" together with the SSW.

CDU Land Chairman Stoltenberg spoke of his party's "excellent showing." The SPD, he said, is faced with a two-fold crisis. On the one hand, it feels the climate which is adverse for the coalition in Bonn; on the other, it was reaping the harvest of its policy of confrontation with Federal Chancellor Schmidt on such issues as NATO counterarming and nuclear energy policy. SPD Land Chairman Jansen admitted that the national party is presently not providing a clear image to the voter. But, he said, he was still adhering to his national party's positions (against counterarming and nuclear energy). He added that if his policies would prevail at the Munich SPD party congress in April, the SPD could retrieve some voters from the Greens. While Jansen is not excluding the possibility of municipal alliances with Green politicians if the need arises, the SPD leader of the opposition in the Landtag, Matthiesen, rejected such alliances for the Land. Jansen appealed to the FDP to clarify the standard of social justice in current decisions of the Bonn coalition to a greater extent than heretofore. But FDP Land Chairman Ronneburger appealed to Jansen in view of the election losses to indicate more clearly that he supports the federal chancellor and his policies.

9273

CSO: 3103/328

NEW ENVIRONMENTAL PARTY TO RIGHT OF GREENS FOUNDED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Mar 82 p 6

[Article by Guenter Bannas: "In Fidelity to Gruhl from Party to Party. Founding of the Ecological-Democratic Party"]

[Text] Bad Honnef, 7 March--"I am having doubts," said Herbert Gruhl late in the evening, "whether I am suited for politics at all." He says it to those conservative advocates of environmental protection of his new party formation who--out of their national orientation--demand the abolition of all limitations of the sovereignty of the Federal Republic, including separation from the Western alliance and all that goes with it. A good many already see the Federal Republic as "put against the wall" by Washington, as a powerless plaything of the blocs. "Simply to strike randomly," Gruhl tells them, is not his thing. He indicated that he always at the same time sees still other, additional questions. "A peace debate" even in the "ecological-democratic party" (EDP). A good many EDP members demand "a change in armaments" oriented towards defensive weapons, others also disarmament, withdrawal from NATO. "Green" sounds almost, from which one would like to be distinguished after all. Many, however, believe in a policy of "balance", of deterrence. Gruhl counters with Schiller: Even the most pious person cannot live in peace if his evil neighbor does not like it. He is given to introspection where his followers are longing for clear and simple words, merely comes up with a smile in the pulled-down corners of his mouth where many a follower of his desires optimism or at least a good prospect. The question is whether he can offer this. It is expected of him.

Thus he is cajoled into the chairmanship of this party as well more than that he strives for it. Gruhl knows that it will face a more difficult time than the party in whose founding most of the EDP members had a part: the Greens. Only for a few of the people present in Bad Honnef near Bonn is the EDP the first party membership. Most of them were previously with the Greens, prior to that with one of its predecessors, a good many before that also in one of the parties whose "environmentally destructive ideology of growth" all reject.

Thus many a one walks up to the platform of this new party and says how nice it is to see the familiar faces again, making him feel at home. Gruhl adds that he knows how to appreciate that "in spite of great disappointments you have come again." Baldur Springmann is present again, the "eco-farmer" in the ever-green little shirt, who at one time gained a certain television notoriety in connection

with a surprise success in Schleswig-Holstein. He seeks to advance the cause of this party as well. "Bon voyage, then, you, our ship EDP," he exclaims with his arms spread wide. Gruhl, too, shows his customary exterior at party conventions already: A rose-colored shirt and a dark suit. To these two men the scarcely 2,000 members remained loyal through many a party. The older men, sooner unhesitating than academic, the women with knots in their hair, scattered young people, who are regarded as the hope of the party. Gruhl tells them that the world will perish if people do not get away from constant growth. Reduction, not augmentation, he indicated, is needed as provision for the future. The former speaker in the Federal Diet has success with many a formulation, which in the hall, the hall of a spa hotel, is echoed with a relieved "Very true" or also "Terrible!" "The parties cheat the revenue office, and with the money they have gained they cheat the voter," he shouts. It is a sermon of renunciation. It is to save the environment.

During the provincial diet elections in Hamburg the party will for the first time wage a real election campaign--against the Greens. They are, someone shouts, no longer the ecological party, but a reservoir "from a diet store to late Maoism," infiltrated by the Left, in the long run the voter, too, will come to realize this. Many count on this hope for their own new party; it seems to be the only one. Thus people are proud that the party congress differs from those of the Greens. Short debates, hardly a trick involving the rules of procedure, no personal elbowing, no city Indians or women's groups which storm the platform. The alternative scene gives the EDP the cut, but is also, to be sure, not invited. So a good many things are missing: No sidewalk traders peddling biodynamic products, no air mattresses and sleeping bags. Many are happy about it. The fear that the same thing could happen to the EDP that happened to the Greens is great: Infiltration is the catchword, discussed by many a one like a life-like picture, as though there were a reason and utility to such an enterprise. In Hesse a new member is asked what parties he or she previously belonged to. Others are less fearful. Among the Greens, they hope, there are still many "who belong to us." For this reason one should not resist double membership, that debate "which we all had with the Greens already."

8970

CSO: 3103/337

BRIEFS

JUDOS, FDJ EXCHANGE--The GDR is ostensibly ready to definitely expend youth tourism and youth exchange with the FRG. This was reported by Werner Lutz, chairman of the Judos, in Bonn yesterday. A Judo delegation under his leadership had visited the GDR in the past few days and in the process had signed a new agreement about mutual seminars between the FDJ and the Judos. Lutz reported that in this connection increased youth exchange had been offered by Egon Krenz, first secretary of the FDJ. The chairman of the youth organization, which is close to the FDP, called this offer the first concrete result of the meeting between Chancellor Helmut Schmidt and GDR Council of Ministers Chairman Erich Honecker at the end of last year, at which the chancellor announced that in the course of this year solutions would be found to a number of questions. [Text] [Bonn DIE WELT in German 11 Feb 82 p 4] 12124

GENSCHER'S WARNING TO SPD--The SPD's "nagging" at parts of the employment program of the coalition, particularly at the changes in the tenancy law, caused FDP Chairman Genscher during the weekend to refer to the "very different" basic conceptions of the two government parties in respect to economic and social policy. In an interview with German television, Genscher said (as reported by DIE WELT in a part of its edition), these differences have been there ever since the beginning of the coalition, "but as long as it was possible to guarantee a number of social achievements, this has been covered over in the Social-Democrat sphere. Now this is becoming clearer and the SPD must simply realize that when its economic policy conceptions deviate from the market economy, they are no longer capable of a majority in our country." The FDP is "not ready to provide, against its conviction and the mandate of its voters, the Social Democrats with this majority." A new discussion about the employment program--as it is taking shape in the preliminary arena of the SPD's party convention in Munich in April--will "very surely" lead the FDP coalition party to the "limit of its capability to compromise." Genscher repeated his warning: "Whoever kills this program, will be killing jobs, but he he will also bring the danger that the coalition will be killed." Genscher, in response to the question whether his warning was directed at the SPD, said: "Yes, to the doorstep of those very people who are questioning parts of the government's program." [Text] [Bonn DIE WELT in German 15 Feb 82 p 3] 12124

GREENS' ANTI-REAGAN PROTEST--The Greens have announced an "information and action program to last several days" on the occasion of U.S. President Reagan's visit. Reagan is coming on 9 June because of the NATO summit which takes place a day later in Bonn. A spokesman of the environmental protection party stated that the program of the Greens will "fully tax Bonn, politically and in terms of space." The Greens "do not rule out the possibility that the NATO summit, with Ronald Reagan as a symbolic figure of armament with a possible nuclear, biological and chemical annihilation of Europe, can be held at some place other than that scheduled." The Reagan visit is an unequalled provocation to the peace movement. [Text] [West Berlin DER TAGESSPIEGEL in German 16 Feb 82 p 2] 12124

CSO: 3103/292

KOIVISTO EVINCES SLIGHTLY COOLER STANCE ON NORDIC 'ZONE'

Oslo AFTENPOSTEN in Norwegian 11 Mar 82 p 9

[Commentary by Kjell Dragnes]

[Text] Moscow, 10 Mar--The Moscow visit completed by Finland's President Mauno Koivisto on Wednesday was a confirmation that the Soviet Union can feel at ease with the new Finnish leader. At the same time, however, Koivisto made known his Nordic position and Finland's strong ties to the other Nordic countries.

The Soviet leaders took the opportunity to become acquainted with Koivisto in person and this is of great significance since personal meetings between the leaders of the two countries always have been valuable and have offered an opportunity to discuss problems and eliminate misunderstanding.

What has attracted the most attention is perhaps Koivisto's repetition of his predecessor's plan to achieve a treaty confirming a nuclear-free zone in the Nordic countries. Even though after-dinner speeches usually deal in generalities, it was obvious that there were differences in nuances between what Koivisto said and what Finnish representatives previously have expressed. It is all the more important that the Finnish president said this in Moscow where support for the Kekkonen plan always has been enthusiastic.

Koivisto's statements have been interpreted as support for the Norwegian and Swedish position that a nuclear-free zone already exists and that a treaty calling for what already exists today would be of no value. The Finnish president directed no critical remarks toward the security and foreign policies of neighboring Nordic countries.

Under the present conditions in Europe it is of the utmost importance that the situation in the Nordic countries remain unchanged. "As I understand it, this is in the common interest of all nations in the region. Because of this, it undoubtedly will be possible to find suitable solutions for all parties that will guarantee a nuclear-free Nordic zone," Koivisto said.

The Soviet president took the opportunity to assure Koivisto that the Soviet Union would not interfere in a small neighboring country. In this connection

Brezhnev said, "The Soviet Union never has tried to force its ideas on Finland or interfere with its internal affairs." This statement was interpreted as a reference to the presidential election and although the Soviet Union may have had other favorites, especially Ahti Karjalainen who also was part of the delegation, the reception in Moscow and the meetings confirmed that Moscow has accepted Koivisto and assumes he will continue the traditions developed over the past 30 years.

9336

CSO: 3108/76

'TO VIMA' WARNS OF DANGER FROM TURKISH TACTICS

NC121811 Athens TO VIMA in Greek 12 Mar 82 p 1

[Editorial: "Dangerous 'Game'"]

[Text] Of course it is not the first time that the Turkish Air Force has violated Greek airspace in the Aegean or broken the international air traffic regulations in the same area. Sometimes on the occasion of military maneuvers and at other times without even this pretext Ankara has been following for years now the tactics of repeated provocations.

For our country, this persistence by Turkey has at least one result: it proves to everyone--and particularly to the foreigners--how right the prime minister has been when, from last October, he has been stressing that the threat against Greece comes from the east. Abroad there have been those who sometimes want to present the Greek position as being "exaggerated," and at other times as being "imaginary." On the contrary, events of recent days have proved how real and permanent this threat is.

This is exactly why the deputy foreign minister's demarche to the NATO representatives here was so necessary, because Turkey not only belongs to this alliance but it also gathers international support from this alliance; and it is steadily and generously armed from this alliance or, more precisely, mainly from one member of the alliance--the United States. It is natural for those who arm Turkey to also bear the responsibilities for the use or even the demonstration of the arms which they offer it.

However, the fact that this sort of provocation is persistently repeated allows the Greek public opinion to draw certain other lessons. Specifically, it has become obvious that Ankara, regardless of the political shade or form of the ruling regime there, is following in the Aegean permanent tactics which serve two aims:

The first aim, which is very obvious, is to dispute practically and with every opportunity Greece's sovereign rights as they are stipulated by international treaties and international practice. In other words, the violations and transgressions aim at indicating that Turkey does not recognize--or no longer recognizes--the existing status of the Aegean airspace.

The second aim, which is less obvious, is to test every now and then our restraint or tolerance and--moreover, and maybe mainly--our persistence in our positions. The manner in which the Greek Government has reacted to these recent provocations--first with the immediate interception of the Turkish aircraft and then with its demarche the day before yesterday--must have dispelled, if there were any left, even the last illusion--intentional or unintentional--by foreigners.

However, if the Turkish game has such distinct aims, this does not mean that it is not dangerous, because the conditions under which this game "is being played" and the dimensions it has recently acquired do not rule out accidents. If the Greek Government maintains all the necessary restraint this does not mean that others too--particularly those who for various reasons, or even for the purpose of serving their own interests, tolerate the Turkish provocativeness--should not worry.

CSO: 4621/229

READER ADVOCATES FRIENDSHIP WITH TURKEY AS ONLY SOLUTION

Athens EPIKAIRA in Greek No 710, 11 Mar 82 pp 7-8

[Excerpt] I address myself to the letter sent by I.N. Petimezas, published in your magazine on 28 February 1982.

It is indeed difficult for me to believe that Adolf Hitler could have been more impassioned in his attacks against the Jews.

Mr Petimezas' beliefs about the Greek "Aryan race," as against the uncivilized Turkish nomads who are, as he says, a "primitive power with an inherent tendency toward expansion," are clearly shown in the fourth paragraph of his letter: "Their (the Turks) target is Hellenism, with its development and strong activities, which is qualitatively superior and therefore a nuisance, even if the memory of the past is wiped out."

So, Mr Petimezas, here is where I stand. Do you actually believe that as long as prejudiced and disruptive attempts such as yours continue to exist there is a possibility to wipe out the memory of the past?

At this point, I would like to state, in order not to be misunderstood, that I am genuinely Greek and that I do not dispute the Turkish acts of violence and the provocations committed in 1974, 1922, 1821 or 1453, or whenever you wish.

My family itself (and I believe that Mr Petimezas himself must have the same origin) was uprooted from Uskudar in Turkey in 1922 and came to Greece. I, too, live through the anxious moments of Greek-Turkish relations whenever the ship "Hora" sails into the Aegean or when a Turkish diplomat is murdered in Athens or a Greek hunter dies in the Evros region or when a Turkish gunboat sails around Evvoia or when our fishermen are arrested in our own territorial waters. I wept about the amputation of Cyprus.

But I am a realist. And I have reached the conclusion that friendship with Turkey is the only possible and only advantageous solution.

Do not hasten to call me naive. I shall remind you of the gains of Venizelos' "golden four years," of the attempted rapprochement and of the exchange of visits between Venizelos to Ankara and Ismet Inonu to Athens. Imagine, Inonu

was even reputed to be tough in his negotiations with us. I wish that the recent "olive branches" were sincere (I really don't think they are). What is the difference?

It is by persons wearing blinders (from both countries) and because of the ambitions of supreme leaders that, through the appropriate propaganda, the enmity of two countries BORN TO CO-EXIST is continually fostered.

Do you remember the incidents in Rhodes when a maritime connection with Turkey was inaugurated? Some of the patriots of that ilk would not let the vessel "Cemlik" enter the port of this island. As if the long-established Cesme-Khios line with the vessel "Erturk" had hurt anyone. The Turks are really not counting on the "Cemlik" of the "Erturk" to land on our islands!

As for your association, Mr Petimezas, if you are really concerned about peace, DO NOT form it.

Believe me, if your motives are not revenge and the reopening of old wounds (and I am very much afraid this is the case), the only solution is the founding of an association for "fostering Greek-Turkish friendship and cooperation." In turn, I, too, propose the promotion of this idea, and whoever believes it is good and decides to implement it, let him know that I shall help and warmly support it.

/Signed/ K.D. Georgiou
Athens

P.S. The day after the march for solidarity with the Turks' struggles at the Polytechnic School, a friend of mine came to see me in a very agitated state: his argument: "How many Turks marched for us when we had a junta?"

Here is my answer, on the occasion of the march for solidarity with Solidarity: "How many Poles marched for us, when we had a junta?"

CSO: 4621/230

BRIEFS

FIRST COMMUNIST MAYOR--The Hague, February 19--The appointment of the Netherlands' first-ever communist burgomaster was announced here today and immediately hailed by politicians all round as a breakthrough in Dutch politics. The home affairs ministry said 30-year-old Mrs Hanneke Jagersma had been appointed by the Crown to become burgomaster of Beerta in the northern province of Groningen, a traditional left-wing stronghold, on April 1. Beerta has a population of more than 3,000 and a municipal council dominated by Communist and Labour deputies. Mrs Jagersma has been a communist member of the Groningen provincial assembly since 1978. She joined the Communist party in 1974. She was nominated for the post by Home Affairs Minister Ed van Thijn after his Liber VVD party predecessor Hans Wiegel slightly opened the door to communist appointments in 1978. Mr Henk Hoekstra, chairman of the Communist (CPN) party, welcomed the appointment as "a democratic right" for which he said his party had fought for years. It was a major step forward for democracy and for all democratic forces in the Netherlands, he said. [Text] [The Hague ANP NEWS BULLETIN in English 20 Feb 82 p 4]

CSO: 3120/52

TROMS PROVINCIAL ASSEMBLY DEMANDS NORDIC NUCLEAR-FREE ZONE

Oslo AFTENPOSTEN in Norwegian 10 Mar 82 p 4

[Article: "Troms Provincial Assembly First With Demand for Nuclear-Free Zone"]

[Text] The provincial assembly in Troms was the first in the country to speak out on nuclear weapons and the disarmament issue. In Akershus, on the other hand, the provincial assembly rejected a proposal for a similar statement, in line with Foreign Minister Sverre Strøm's view that local elected assemblies should not deal with such matters.

By a vote of 27 to 17 the Troms Provincial Assembly approved a proposal yesterday asking parliament to take steps to prevent any future use of nuclear weapons on or from Norwegian territory. The resolution also requests the government to seek a treaty establishing a nuclear-free zone including Norway, Sweden, Denmark, and Finland as a first step to regulating and reducing nuclear weapons in larger sections of Europe.

The resolution was based on a similar resolution drawn up by the provincial committee barely 1 week ago. In the provincial committee, however, the resolution received unanimous support. In the provincial assembly the Conservative Party, with the exception of the provincial assembly chairman, joined the minority which otherwise consisted of the Christian People's Party and the Red Election Alliance. Hope was expressed in the 4-hour debate that other provincial assemblies would follow with similar resolutions. A counter-proposal from a Conservative Party representative recommended that the proposal be rejected since such issues are under the jurisdiction of the government and parliament. This counterproposal received only the vote of its sponsor.

The situation was different in Akershus where a majority rejected a proposal favoring a similar statement, presented by Kjell M. Halvorsen (Socialist Left Party). The majority, which did not wish to take up the issue, consisted of the Conservative Party, the Christian People's Party, the Progressive Party, the Liberal People's Party, and portions of the Center Party.

"Akershus Province, with the Kolsås facility and Gardermoen Air Base is in a particularly tense situation. Instead of negotiations, we should demand action. It is our duty to speak up and protest against the insane arms race that is underway," Halvorsen said.

In his answer, provincial assembly chairman Tore Haugen (Conservative Party) stated that parliament and the government have complete responsibility in such matters. "Security, defense, and foreign policy are beyond the scope of the provincial assembly. According to the law the province should take care of its own matters," Haugen said. "Even if we interpret this broadly, it is doubtful that statements of this type are appropriate. The province lacks both political organs and administration for dealing with such matters."

The provincial assembly chairman also pointed out that the provincial assembly and other organs in the province lacked the overall view in such issues that parliament and the government have. In the worst case, he said, statements from local elected assemblies could complicate the work of the government and parliament. This is especially important now that disarmament negotiations are underway.

"A statement from Akershus on what is primarily a national question and in which the entire nation must be seen as a whole is unnecessary. For this reason, the provincial assembly should make no statements on this issue," Tore Haugen said.

Oystein Flack, leader of the Labor Party group, stressed that this was not a party political issue: "I see this purely as a matter of conscience and I would never let my party dictate how I will vote. Each representative must answer for himself."

Anna Kristine Jahr of the Center Party stressed that, in principle, she agreed with Tore Haugen, but she stated that the provincial assembly should appeal to the government to use its influence in international forums to end the nuclear arms race and reduce nuclear arsenals.

Conservative Party leader in the provincial assembly, Sven-Even Maamoen, warned against making security policy statements based on insufficient information: "The proposal and the grounds on which it is based raise legitimate doubt and uncertainty concerning our defense policy. Uncertainty in such an important area is unacceptable. For this reason, the provincial assembly should refrain from making such statements as the one proposed by the Socialist Left Party representative," Maamoen said.

9336

CS0: 3108/76

CDS'S AMARAL DEFENDS PERFORMANCE OF ADMINISTRATION

Lisbon EXPRESSO in Portuguese 27 Feb 82 p 6

[Text] And what if the president of the republic should dismiss this government?

"The Democratic Alliance [AD] will surely be requested to submit another candidate to him for prime minister, and we shall introduce him. Then, if the president of the republic refuses to accept our proposal, all that will be left for him to do is to dissolve Parliament and call new elections. But, if AD should win again, only one path would be left for Gen Ramalho Eanes: immediate dismissal. Force against force. And then we would even be radical."

In Freitas do Amaral's response, the Centrist leader's opposition to the president of the republic was quite obvious. The dialog took place at the Pabe Restaurant, to which this political leader was invited last Wednesday for one of the usual EXPRESSO luncheons.

Diego Freitas do Amaral, aged 40, with four children (two boys and two girls), president of the Social Democratic Center Party [CDS] and of the European Christian Democratic Union, vice-prime minister and minister of defense, made his status as a practicing Catholic quite clear at the outset, in selecting from the menu: "I'll have fish; this is a day of abstinence." It was, in fact, Ash Wednesday, one of the few days on which the Catholic Church still requires abstinence from meat.

But this quality of his as a Roman Christian in the Catholic tradition was to surface when we asked him whether CDS would impose party discipline in connection with the voting on the PCP bill to legalize abortion: "To us, the problem of party discipline is not even posed," as if to say that this is a matter of their conscience as militant Catholics.

Still apropos of this heated current issue in Portugal, we mentioned the poll published by EXPRESSO in its last edition, wherein a majority of those queried came out in favor of legalizing abortion in special situations. Freitas do Amaral claimed that this in no way changed the position of his party and of the government, which are opposed to any liberalization in this respect.

"There are areas in which matters of principle must prevail over sociological

analyses, and this is one of them." I then explained that the poll, like any other similar survey, had been taken without any "campaign of enlightenment" and that, "in a referendum, things are different; there is a preliminary campaign." The CDS leader admitted that this was one of the instances wherein a referendum might be held, but expressed regret that, "PS [Socialist Party] and the FRS [Socialist Republican Front] parties in general are still stubbornly opposed to having the referendum established in the constitutional revision."

Backing for Angelo Correia

Freitas do Amaral sided with his government colleague, Angelo Correia, in the denunciation made by the latter after the strike ordered by the CGTP [General Federation of Portuguese Workers] regarding an alleged "insurrectional plan." He remarked: "The government is under obligation to expose the incidents that have occurred, and their significance." And he reaffirmed: "Individuals and evidence were found attesting to the existence of an insurrectional plan." On the other hand, the vice-prime minister does not believe that the events were artificially exaggerated. "I am convinced that these incidents have a larger scope (in time, the disclosure of the contents of the documents which were confiscated would reveal this), but I don't know yet how far it extends: whether the links exist with important parties or with international terrorists." And, throwing out a veiled suspicion, he added: "It remains to be proven whether the '25 April Special Forces' are connected with the Portuguese Communist Party or not."

Talking With Everyone

There are some who discern in many of Freitas do Amaral's positions a certain amount of subterfuge, as was the case, in particular, from the time of Sa Carneiro's death until the formation of the second Balsemao government. "My position has not changed. I am a member of the government, and I am in solidarity with the prime minister. Through an agreement among the parties in the Alliance, it was decided that the prime minister would be nominated by the PSD [Social Democratic Party]. For my part, I am not interfering in the selection. I told Dr Balsemao myself: 'So long as you have the confidence of your party, you will have my support; when you cease to have it, I shall withdraw that support.'"

He demands for himself the freedom to talk with everyone, even with the critics of the present prime minister, whether they be named Cavaco Silva or Santana Lopes: "I had to accept for myself the 'capitis diminutio' [loss of civil rights], just because of the fact that I was a member of the government."

He also refuses to accept the criticism pouring from all sides regarding the alleged weakness of this government:

"This business about strong and weak governments is a matter of appearances."

But in politics, what appears to be very often is real.

"Dr Salazar would say that, but I do not share that view. If this government is not strong, what do you consider a strong government? We are constantly confronting crises: strike after strike, the destabilizing action of a Council of the Revolution which is opposed to us, a president who does not favor us, a difficult international situation, etc., etc. What else are we lacking?"

But there are ministers who say that they are going to leave the government, including members of CDS; at least they are threatening in the hallways. Won't this weaken the executive branch?

"Thus far, no CDS minister has told me that; but perhaps you know more than I do. No one in the party's organs has made such a statement at present. In any event, if some minister were to leave the government nothing would happen except his replacement. AD has already withstood considerably more serious tests. Recall the deaths of Sa Carneiro and Adelino Amaro da Costa. In this context, the desertion of a member of the government would not mean much...."

Having a Liking for Politics

But there are some who claim that, with the situation exacerbating, AD should leave the government before the next elections....

"I am opposed to that theory: I condemn, criticize and attack it. Anyone who upholds it should not expect me to be silent. We have made a pledge to the people; the people voted for us; and we must fulfill it. If anyone from outside tried to interrupt our government, that would be something else. I don't consider it ethical to put an end to a political mandate merely because it is anticipated that the next elections will be lost. Furthermore, the polls that have been taken do not indicate this. Be that as it may, a government has an obligation to battle until the elections. Doing the opposite would even indicate a lack of liking for politics. And it should be realized that, up until that time, much could happen, unpredictable events that might even change the inclinations of the electorate completely. Consider, for example, what happened to Begin in Israel where, a few days before he won the elections, the polls considered him the loser."

Are you convinced that AD will last?

"I am," he replied dryly. "In fact, to date the majority has operated perfectly, without losing a single vote."

But isn't that an overly formal view of politics?

"Not formal; institutional."

However, it is thought that CDS is losing support in an area which has been traditionally its own: that of business owners; the very area wherein the party has been strongest.

"I don't believe that CDS is strong in the business-owning area alone. I would say that it was among the working and middle classes, as shown by polls that we have sponsored. On the other hand, the fact that half a dozen business owners have become Eanists is not decisive. They have either always been or are business owners who came from abroad and who were linked with the former regime, and therefore have a yearning for authoritarian solutions."

CDS Is the Opposition in the Islands

Why isn't the coalition extended to the autonomous regions?

"At the time of its formation, Dr Sa Carneiro did not approve of that. The regional leaders did not approve either; and they still disapprove, which they are fully entitled to do, because this is stipulated in the AD statute. For this very reason, we are not surprised that the PSD has not called us into the government of the autonomous regions, although we would appreciate the gesture. This being the case, it cannot be considered surprising that CDS is the opposition in the islands. It is obvious that PSD, being an absolute majority, could very readily invite CDS, as Mr Mitterrand did in France, when he invited the Communists into the government. However, I wish to make it quite clear that we must not carry the problems between PSD and CDS to the national level. In the regions, I repeat, CDS is an opposition party."

It is noted that Freitas do Amaral, nevertheless, has criticized the regional leaders on more than one occasion.

"This has occurred only when they have attacked the national CDS or its head. When this happens, it is normal that the national president should respond."

Do you agree with the view of Pinto Balsemao, expressed in an interview with EXPRESSO, to the effect that the local government elections are a test for the government?

"It is my opinion that the local government elections are a great poll, a natural-sized poll. Through them we shall learn the state of public opinion. However, even if AD should experience a major loss, which I do not anticipate, that would not entitle the president to dismiss the government. Even though the results may be politically effective, they should not be reflected substantially in the government's existence."

Poland and Turkey

The Centrist president has proven on more than one occasion to be the leader most concerned with international issues that has appeared in recent years.

The initial topic of this section was Poland, as was virtually inevitable. Freitas do Amaral began by admitting: "It is obvious that there is something more than the defense of human rights in our condemnation of the Polish situation. The regime in Poland was tending toward a more extensive social pluralism (which might possibly have ended in political pluralism), as

opposed to an inflexible, monolithic model, with a dictatorship and a totalitarian system. Poland is a nation of Europe which is close to us both historically and culturally. Hence, it is our duty to condemn the reversal of that process." But why is there not an equal condemnation by the leaders of the majority and its government of dictatorial situations in regimes such as that of Turkey, for example, or of human rights violations such as those in El Salvador? Freitas do Amaral explains: "In spite of everything, Turkey is a partner of ours in NATO, and there is hope that it will become a democracy; whereas Poland is a member of a bloc opposed to ours; it is an enemy that wishes to diminish us."

Nevertheless, the vice-prime minister is adamant in reaffirming an unequivocal position regarding the coup of the Turkish military: "In Turkey, there was a coup d'etat against democracy; I have always condemned it, and I continue to condemn it. It can be said that, at least in this respect, I have not been a hanger-on in relation to Secretary of State Alexander Haig. Moreover, the coup took place when I was minister of foreign affairs, and at the time I issued instructions, on behalf of the government, to propose Turkey's withdrawal from the Council of Europe. Strangely enough, not only was I not backed, as I had expected, by any opposition party, but I also received a message from Belem (through unofficial channels) asking why the government was embarking on quixotic ventures in international politics at that time."

Backing the Government in El Salvador

"The situation in El Salvador is not so simple. There have been regrettable excesses on the part of the authorities, or rather the forces in the service of the authorities; but the fact is that Napoleon Duarte had previously won democratic elections, after decades of extreme-right dictatorship, and the military, after having carried out another coup, felt incapable and called upon him again. Given the origin of this situation, I have no hesitation about stating that the government is legitimate and that it is the obligation of all the democratic forces in the world to back the attempt at democratization which is currently under way, against an extreme right that is still active, and leftist groups which do not want pluralistic democracy, but rather the dictatorship of the proletariat. The carnage (which, furthermore, has occurred on both sides) is reprehensible action carried out by forces located on the periphery which can hardly be controlled by Napoleon Duarte and which are running counter to his orders."

The Mysterious Letter

"If I had any virtue in 1976, it was that of opposing the affiliation of CDS members with terrorist groups or their agreeing to distribute arms within the party." Freitas do Amaral is now commenting on the accusations leveled against him by the newspaper O JORNAL regarding his alleged ties with extreme right wing groups which were responsible for several terrorist attacks some years ago.

The CDS leader confirmed his intention of filing a formal suit against that newspaper, owing to the charges made against him. As for the rest, he chose not to comment further for the time being.

But a very specific explanation was asked of him: What was the purpose of a handwritten letter addressed by him personally in 1976 to SENADU (the organization of CDS returnees), and published by O DIARIO? Although slightly tense and apparently uncomfortable about discussing the matter, Freitas do Amaral did not avoid an answer: "It was a letter that I sent to SENADU in connection with a series of demands which they made of me at the time of the Congress." Freitas do Amaral said that those demands were included in a note sent by SENADU, proposing actions which he considered "unacceptable" and containing threats which he deemed "intolerable". The CDS leader declared that he has always rejected the type of action that was proposed.

At a certain juncture in that letter there appears, in Freitas do Amaral's handwriting, the statement: "It seems to me that matters such as that in the attached notes (which I am returning to be properly channeled through the secretary general) should not be handled in this manner within the party." And he concluded by saying: "We must talk about this in October as well." However, two portions of the message, relating to an organization or to a certain type of procedure, appear to have been obliterated (as O DIARIO put it, "burned"). Freitas do Amaral claimed that this "is an attempt at falsification for which the newspaper will have to answer in court." And he explained why: "The term that is missing from the letter is 'SENADU' and not 'CODECO' (as O DIARIO suggests), a group which I did not even know existed at the time." (CODECO is the abbreviation for the Commands for the Defense of Western Civilization, an extreme right wing organization which was in existence during that period.) "Furthermore, it can be proven completely that the type of blotch made with the burning end of a cigarette would be possible only if the word written there were 'SENADU'. This fact will enable us to accuse O DIARIO of falsification in court." In brief, a case which still threatens to make some ink run.

Still in this connection, Freitas do Amaral confirmed the existence of blackmail on the part of former members of terrorist groups directed at CDS leaders: "They threatened to do this and that if we did not arrange employment for them. However, after O DIARIO took up this case, none of these threats occurred."

The Armed Forces' Intersindical?

There are some who claim that Freitas do Amaral has been a kind of Armed Forces' Intersindical: he fought for a salary increase greater than that given to public officials.

Although he did not consider the story about the Intersindical amusing, the defense minister explained that the specific mission of the Armed Forces, the demand for a sacrifice of their own lives in the event of war and the fact that, in view of their very nature, they are not allowed to organize into unions required giving them special consideration in the area of salaries.

Freitas do Amaral added that he feels quite comfortable in the position of defense minister; that he has the impression that a Constitution is being written, establishing a legal regulation for fitting the Armed Forces into the democratic system: the legislation on national defense attached to the constitutional revision; and that, in this respect, he has met with the best cooperation from all branches. Apropos of this, he also makes special mention of what he describes as "an atmosphere of excellent understanding and cooperation" on the part of the Armed Forces chief of staff, Gen Melo Egidio.

Another question included in the realm of national defense arose then: Last year, EXPRESSO disclosed in great detail that arms manufactured in Portugal were being shipped from Lisbon and sent directly to South Africa, a fact that has never been denied by the government. To what extent has our country engaged in a trade banned by several United Nations resolutions? Freitas do Amaral's denial, in his capacity as defense minister, was categorical: "Insofar as we know, there has not been, there is not and there will not be any intention of selling arms to South Africa." However, he immediately added: "But if arms are sold to another country, and they later go there, that is something which we do not know about at present, and which we cannot control." In any event, he did not fail to conclude by saying: "Direct sales do not exist and, from the investigations that we have made, indirect sales do not either." This is a matter which, however, is far removed from having a complete explanation.

A Civilian for the Presidency

The Centrist leader maintained that the next AD candidate for the presidency should be a civilian, contrary to what he thought in the previous elections: "In 1980, I thought that it should be a military man, for a specific reason: the future head of state had to officiate over the change of the regime through the constitutional revision and the attached legislation on defense; and that would raise critical problems in the relations with the military. The transition had to be smooth, without an atmosphere of apprehension."

As he revealed, Sa Carneiro's position at that time was completely different: "He fought until the last minute to have our candidate be a civilian, but it was impossible for him to find anyone under those conditions."

Thus, Freitas do Amaral's proposition won, and the name of Gen Soares Carneiro arose. How? This is something that the CDS leader does not dare to disclose, for the present: "It is a story that is confined to my memoirs," he exclaims, smiling. In fact, but few could describe how that happened. Referring to the death of Sa Carneiro, and perhaps of Amaro da Costa, he reveals: "I was, moreover, convinced until very late that we would have a runoff election, and would have chances of winning in it." It was a different optimism from that of Sa Carneiro who, according to the Centrist leader, also anticipated victory, but sooner: "Sa Carneiro's last words as he said goodbye to me at 1730 hours on 4 December 1980 were: 'You'll see, we are going to win on the first ballot.' I didn't believe that."

2909

CSO: 3101/27

PCP'S BRITO CALLS FOR LEFTIST COALITION IN EARLY ELECTIONS

Lisbon O JORNAL in Portuguese 5 Mar 82 p 10

[Interview with PCP Parliamentary leader Carlos Brito, by Antonio Mega Ferreira, early March 1982; place not given]

[Text] Proposal for legalizing abortion, challenge of the government, Democratic National Convention, Unemployment March: both inside and outside Parliament, the Portuguese Communist Party [PCP] is engaged in a critical offensive against the government. With what perspectives? With what alternatives in view? This week, the Communists' Parliamentary leader, Carlos Brito, spoke to O JORNAL about AD [Democratic Alliance], PS [Socialist Party], the constitutional revision, the president of the republic and the "democratic alternative" which, according to the PCP, cannot be achieved without the Communists.

O JORNAL: The raising of the question of abortion and the challenging of the government, on the Parliamentary level, simultaneously with the devising of other extra-Parliamentary initiative backed or expressly organized by the PCP, are part of a general offensive against the present government. In the PCP's view, is this the final offensive?

Carlos Brito: One preliminary comment: In their interpretations, political analysts are in the habit of underestimating the goal of the PCP's political actions. That goal has always been to solve the concrete problems of the Portuguese people. It is with this perspective, and not that of any tactical maneuver, that the proposal for legalizing abortion is associated.

[Question] And what about the challenge?

[Answer] In that respect, there is an attempt to call the government into question in an area wherein its fascist-oriented aspect (or at least the fascist-oriented aspects of the sectors which decide on AD policy) has been revealed. I am referring to the general strike of 12 February. It is in connection with its action on that memorable day of the Portuguese workers' struggle that the government will have to answer.

[Question] The PCP is of the opinion that the general strike on the 12th afforded a revelation of a "vast, majority, social and political camp." Does this mean that the party's strategy will be concentrated mainly on the area of social struggles?

[Answer] In the first place, the PCP has not dissociated the two forms of political struggle. In the Assembly, the Parliamentary group intervenes in the area germane to it, but at all times considering the desires and aspirations of the Portuguese workers. Now, what the general strike on the 12th made it possible to disclose was that dissatisfaction and uneasiness toward the government do exist among vast sections of the populace, as the PCP has been claiming.

[Question] Are those sectors a majority at present?

[Answer] We think so. Moreover, we have concrete indications in that respect. In many union locals, one could note that the adherence to the strike not only exceeded the area covered by the CGTP [General Federation of Portuguese Workers], and that of the UGT [General Union of Workers], but even included sectors which showed every indication of intending to vote for AD. Another significant aspect was that, when the vast scope of this movement of repudiation became evident, the government showed what I termed a short time ago its fascist-oriented aspect. It did so in the attempts to demobilize the strike, in the threats and pressure, in the retaliation and even in the invention of an alleged insurrectional movement.

[Question] Does this mean that, in the PCP's view, this government is doomed?

The Problem Does Not Lie in Balsemao

[Answer] This government has doomed itself by demonstrating its inoperative-ness and inability to solve the major national problems. It is the duty of the democratic forces to pool efforts and find the means for leading to its overthrow.

[Question] Does this mean that the idea of AL's being able to govern even if the prime minister is not Dr Francisco Balsemao is acceptable, as Dr Mario Soares admitted this week?

[Answer] By no means. The problem does not lie in Dr Francisco Pinto Balsemao but, as we have always claimed, in the incompetence inherent in the political plan of AD itself, its classist nature and its reactionary character. This is why we say that it is not enough to overthrow the government; but the Assembly must be dissolved and early general elections must be called.

[Question] But, since there is no Parliamentary majority to attain that goal, would that not be turning over the resolution of the crisis to the president of the republic? And does that mean that the PCP favors a reinforcement of the presidential initiative?

[Answer] The PCP maintains that the intervention of the president of the republic in this concrete matter, if it should occur, would be done with the full use of powers which the Constitution has conferred upon him. It is not a matter of increasing, reinforcing or whatever it might be, the president's powers.

[Question] Your response is formal. I was not referring to the president's constitutional powers, but rather to the political significance of the exercise thereof. The mere fact that the president has not exercised them to date....

[Answer] But he did exercise them, in 1978.

[Question] Nevertheless, under different conditions. The president dismissed the prime minister of a government which had lost the majority in the Assembly.

[Answer] I don't think that the situation was very different. In this instance, the government has lost the majority of the country.

The Materialization of a Majority Alternative Depends on Early Elections

[Question] But this has not been proven....

[Answer] For that very reason we are demanding the holding of early elections, and we make the materialization of a majority alternative to AD dependent upon them.

[Question] That stress on the political goal of the government's overthrow appears to have attached secondary importance to the great concern disclosed by the PCP a few months ago regarding the constitutional revision. Does this mean that, at the present time, the PCP no longer fears that the revision will be "unconstitutional", as Dr Alvaro Cunhal is in the habit of saying?

[Answer] Well, first I would like to tell you that the PCP has not disregarded the matter of the constitutional revision. It is mentioned once again in the declaration from the Central Committee's plenary session of 17 February.

[Question] But not as one of the four fundamental political objectives....

[Answer] The matter is expressly cited in the guidelines for the struggle as the Central Committee interprets them. In any event, what we know about the progress of the constitutional revision stems from our participation in the Contingent Commission whose work, as you know, has been virtually at a standstill for a month.

[Question] But there has been talk of a PS-PSD [Social Democratic Party] agreement....

[Answer] I repeat, what we know has to do with the Commission's work. There are "official" agreements already made between PS and AD, which are extremely serious, such as the one aimed at transferring the military powers of the president of the republic to the government. This could be the basis for a coup d'etat against democracy. Now, there is talk of other agreements which are still "secret". If they should be confirmed, they too would be extremely serious and would involve yet another withdrawal of powers from the president of the republic.

[Question] Nevertheless, the impression that one has is that the PCP had "dropped" the issue of the constitutional revision, perhaps to undramatize it. Is that so?

[Answer] By no means. On the contrary, we think that there is a real danger of actual subversion of the Constitution, with a revision process that would not take into account the formal and material limits established by the charter itself; a revision opposed to Portuguese democracy.

[Question] Does this mean that the PCP is opposed to the constitutional revision?

[Answer] I didn't say that. The PCP has always advocated the revision of the Constitution; and, in that connection, we were among the first to submit a draft revision. What is of concern to us is to dispute the type of revision that AD is seeking. What is AD seeking? To abolish the Council of the Revolution, to withdraw powers from the president of the republic, to concentrate in the government organ of sovereignty the powers relating to the military commands, and to subvert the economic model. Now, on the basis of what has been done by AD during the past 2 years, we think that this would really represent a harsh blow to the present balance of powers, paving the way for a system of military hierarchies totally geared to their own interests which, in a situation similar to that of 12 February, for example, might intervene in default of their obligation to be neutral in connection with sociopolitical conflicts. In addition, the government would actually evade the supervision of its action.

[Question] Hence the need to dissolve the Assembly?

[Answer] That is not the only reason, but it may be said that the danger of a revision of that kind is one of two reasons which prompted us to make such a demand. The other is the policy of national disaster being administered by the government. Primarily, it is our view that the Parliamentary majority which AD won in 1980 no longer corresponds to the status of the electorate. Note that, on 7 December in fact, the AD electoral bloc suffered a resounding defeat when the coalition candidate was in a position far removed from that of the plenum 2 months earlier. And even on the level of its political leadership, the current AD is by no means that of 1980. All of this, in our opinion, legitimizes and advises the expedient of early elections.

Experience Has Proven a Certain Change in the PS Leadership Positions

[Question] But, in view of the latest statements by the PS leadership, could it be claimed that the PCP is isolated in this demand which it has made?

[Answer] That is not so, and for two basic reasons: In the first place, experience has proven a certain change in the positions of the Socialist Party leadership, which became particularly noticeable after the strike of 12 February. A few weeks ago, Dr Mario Soares did not even accept the expedient of early elections; now he is saying that his party is preparing for those

elections. Furthermore, it is not admissible to say that the PCP is isolated. Can one talk about isolation when political demands such as those upheld by the PCP are also expressly backed by 1.5 million workers, as was the case during the general strike?

[Question] Let us accept the hypothesis of elections. Now the PCP talks about a democratic alternative which would be the reflection of that "majority camp" disclosed for the first time in the presidential elections. Does this mean that President Eanes will be essential for the emergence of that democratic alternative?

[Answer] What we claim is that if, for the concrete goal of reelecting Gen Ramalho Eanes, it was possible to pool the efforts of the entire PS electorate (despite and in opposition to Dr Mario Soares), the PCP, democratic groups with less representation and a sizable sector of independent democrats, we can see no reason why there should not be an attempt to reunite those sectors again for a political response and one from the government for the current crisis.

[Question] Under the aegis of the president of the republic?

[Answer] It is not a question of persons, but rather of plan, of a coinciding of efforts and interests in search of absolutely imperative solutions.

If a New Party Should Emerge, It Would Be Based on the PS' Omissions and Deviations

[Question] But the PCP has maintained that this majority camp does not coincide with the dividing lines between the parties. Does this mean that the PCP would favor the advent of one or more new political parties?

[Answer] We have said that there are new factors existing in Portuguese society which may perhaps foster the advent of new partisan forces. But it is not a matter of whether or not one favors such a situation. The PCP has its camp completely demarcated, and would not be affected by such a phenomenon, nor would it do anything to bring the latter about. It is not necessary for a "new party" to appear, for the democratic alternative to become possible on the basis of the vast camp of social and political forces which insured the election of Gen Ramalho Eanes. The greater or lesser likelihood of the emergence of a "new party" will depend on the action of the PS. If a new party should emerge, it would be based on the PS' omissions and deviations.

[Question] In any event, would that party, in the view of the PCP, be a democratic party with participation in the democratic alternative?

[Answer] Let us make a distinction between the questions. In the first place, to ascertain whether such a hypothetical party would be democratic or not: It would all depend on its program, on the group of interests that it represented and, finally, on its political leadership.

[Question] But if the head of that party were General Eanes?

[Answer] That is out of the question. It is a general conviction, and ours as well, that the president of the republic will not establish or sponsor any party so long as he is in office.

[Question] But the president has already admitted the possibility of resigning.

[Answer] That is another of the additional dangers in a constitutional revision such as the one sought by AD which certain PS sectors seem inclined to permit.

[Question] In any case, would the PCP demand its presence in a "democratic alternative" government?

[Answer] So that there will be no doubts, I should tell you that any hypothesis which would exclude the PCP from that alternative is inadmissible. There can be no democratic alternative without the PCP.

[Question] But directly, through its participation in the government?

[Answer] Certainly. Furthermore, we cannot see how the workers could become identified with a solution of that kind unless they were politically represented in the government. The competence, organization and altruism of the Communists are necessary for the nation's government.

If Soares Does Not Dialog, It Will Be All the Worse For Him

[Question] Therefore, the democratic alternative would be the PCP, plus the PS and....

[Answer] ...other democratic parties and forces, and the vast camp of independent democrats which worked for the electoral success of 7 December. Whether that participation will take place in the context of the existing party organizations or in the context of a new party is a matter which is not up to us to discuss.

[Question] What about the necessary dialog with the PS?

[Answer] We do not think that the fact that it is not taking place at present precludes its being considered at all. It should be noted that the strike of 12 February afforded a demonstration that the unified desires of Communists and Socialists are far greater than had been revealed by the PS leadership. And to us that is a fundamental indication.

[Question] Dialog with or without Mario Soares?

[Answer] The question is irrelevant. I am sure that the Socialists will realize that the country cannot continue to be governed by a reactionary minority which is a foe of 25 April, and which is dragging it toward a real

national disaster. Naturally, this means that the most opportunistic deviation, which I have termed "Soarism", will be eliminated in the PS' organs of leadership. I am convinced that if Dr Mario Soares does not join in this process of dialog for an alternative, it will be all the worse for him. The alternative will end up being accomplished.

2909

CSO: 3101/27

PS-PSD AGREEMENT ON CONSTITUTIONAL REVISION UNCERTAIN

Lisbon EXPRESSO in Portuguese 27 Feb 82 p 5

[Article by Pedro d'Anunciacao: "There Is No Disagreement Between PS and PSD on the Constitutional Revision"]

[Text] "What I can guarantee to you is that there are no disagreements between the PSD [Social Democratic Party] and PS [Socialist Party] on the constitutional revision," we were assured yesterday by Francisco de Sousa Tavares, when we asked him about the widely discussed agreement reportedly reached between him and Almeida Santos recently. He then inquired of us: "Tell me in what respect there could be a disagreement." We suggested the areas relating to the powers of the president of the republic and the government system. Sousa Tavares made a gesture as if to dispel any possibility of disagreement on those matters, shrugged his shoulders and merely remarked: "Nothing of the sort!"

This is the first official confirmation, if not of a formal agreement, at least of a tacit understanding.

It should be recalled that the existence of the agreement, publicly denied by Almeida Santos, has been claimed by high-ranking Social Democratic sources, although they were not identified.

In the Parliamentary sessions of the PS, wherein a clearcut position was established regarding the presidential powers and the government system, the constitutional revision fell into a stalemate. The Socialists decided there that the government would continue to be answerable to the president and the Assembly.

AD [Democratic Alliance], on the other hand, maintained that the executive branch should be answerable only to Parliament. The president of the republic could dismiss it only in exceptional cases, that is, when serious problems of an institutional nature occurred (and never for political reasons). This was also, initially, the joint position of the FRS [Socialist Republican Front].

Following the PS sessions, the AD leaders announced that it would be difficult to reach an understanding on the basis of the conclusions adopted therein.

Nearly 3 weeks ago, the situation was cleared up, following contacts between Almeida Santos and Sousa Tavares. Immediately, high-ranking PSD officials reported that, after those contacts, an agreement had been reached between Socialists and Social Democrats; an agreement which was categorically denied by the Socialist leader.

In any event, it would appear that at least a consensus has been reached on the manner in which overt differences can readily be surmounted. It remains to be seen whether the two aforementioned personages have any mandate enabling them to negotiate an agreement of this type.

On the side of AD, the Centrists are keeping a discreet silence, while the Social Democrats are expressing satisfaction with the progress of the situation.

In the PS, most of the deputies, claiming to be completely unaware of the talks between Almeida Santos and Sousa Tavares, express serious reservations concerning a possible agreement that would disregard the resolutions from the Parliamentary sessions.

From what has been commented, Sousa Tavares made the requirement of Almeida Santos, with the latter's acquiescence, that the president of the republic could dismiss governments only under conditions of an institutional crisis (and hence never for political reasons), although he agreed to withdraw the expression "in exceptional cases". Similarly, the vice-president of the Social Democratic Parliamentary group imposed the elimination of any reference to Socialism, even in Article 2 (an article which Mario Soares attempted to keep unchanged).

There is every indication that the situation will be finally clarified soon, when the Parliamentary Commission for Constitutional Revision takes up the matter. For the time being, there is every indication that neither the Socialist leadership nor the Social Democratic leadership can be completely clear.

Another Balsemao-Soares Face-to Face

Meanwhile, next week, there will be another face-to-face in the Assembly between Mario Soares and Francisco Balsemao, with the debate on the motion for censure submitted yesterday by the PS.

Mario Soares has an hour and a half on Wednesday to open the debate, and 30 minutes the next day to close it. Balsemao will be able to use the same amounts of time, immediately after Soares, on Wednesday and immediately before him on Thursday.

Unlike what occurred with the challenge, this time there would appear to be no differences among the Socialists. In fact, the day before yesterday, the opinions were said to be unanimous both in the Parliamentary group and in the

Political Commission. And, in the end, it was decided to require a roll-call vote on the motion, so as to place on the record the exact number of affirmative and negative votes.

To Mario Soares, this motion for censure, as well as the recent challenge, is aimed primarily at indicating the PS' oppositionist attitude. And, actually, it will lead to nothing else.

The fact that the motion is defeated will only give the government a victory and, consequently, a defeat to the PS, a defeat which will not benefit the party's image by any means; and all the more so because the Socialists, predictably, will not offer any sound alternative solutions for the sectorial policies. In fact, Mario Soares himself has already publicly stated that his party has no interest in publicizing those alternative solutions "so that AD may not take advantage of them."

This is obviously not the real explanation, because if what distinguished the PS from the AD were merely a lack of current imagination for adopting certain measures, it would not be warranted for the two political organizations to be opposed. The fact is that the PS' internal problems do not yet allow for the operation of the National Commission's planned sectorial commissions; commissions whose functions will be precisely to prepare those alternatives. Not to mention the party's strategic indecisiveness and inability to foster extra-Parliamentary movements carrying any weight.

Hence, in order to prove that it exists, the Socialist Party has to resort to these Parliamentary debates, even running the risk, at the outset, of preparing a victory for the government.

The PCP [Portuguese Communist Party], in turn, attaches priority to the extra-Parliamentary area, taking advantage of its entrenchment in the trade unions. And even when it resorts to Parliament (where it has but few possibilities, with its status as a minority party), it does so only to bring about an extensive public debate outside the walls of Sao Bento. This is what happened with the bill to legalize abortion. Despite the fact that it is submitting this bill next week, after having created an entire public controversy regarding it, it is quite likely that it will never put it on the agenda.

2909

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GONZALES MEETS WITH, REASSURES BANKERS

Madrid EL PAIS in Spanish 7 Feb 82 p 45

[Article by Joaquin Estefania Moreira]

[Text] The probability of early general elections in autumn, and the possibility that they will be won by the socialists, have led to a series of meetings in recent weeks between major bankers and the secretary general of the Spanish Socialist Workers Party (PSOE), Felipe Gonzalez, in which the two parties have discussed the political situation in general, the party crisis in the government and the beligerance of the employers' leadership in the political life of the country. Another subject taken up is said to have been the nationalization policy which the PSOE would implement on forming any future government.

During the month of January, Felipe Gonzalez, along with various others in the party apparatus such as Javier Solana, Enrique Baron, Miguel Boyer, Emilio Alonso, Ernest Lluch, etc., have held luncheon meetings with the presidents and general managers of various large banks and the Bank of Spain itself. Specifically, luncheon meetings have been held with Luis Usera, Alejandro Albert and Pedro Gamero, president, managing director and board member, respectively, of the Hispano American Bank; Jose Angel Sanchez Asiain, president of the Bank of Bilbao; Jaime Carvajal y Urquijo and Gregorio Maranon, president and secretary and general manager of the Urquijo Bank, respectively; and Jose Ramon Alvarez Rendueles, Mariano Rubio and Luis Angel Rojo, governor, deputy governor and director of the studies office of the Bank of Spain, respectively. These luncheons were held in private on the premises of the banks mentioned. It has been confirmed that the meetings will be continued in the next few days with the highest officials of the Central Bank and the Popular Bank, to-wit Alfonso Escamez and Luis Valls Taberner, the presidents of the two institutions. Finally, the socialist team will also talk with the president of the Spanish Private Banking Association (AEB), Rafael Termes.

First Hand Political Analysis

The meetings are said to have been held at the urging of the socialists, and they were notable for the interest shown by the bankers in learning directly, and on the basis of the latest information, of the political analysis of the situation as seen by the leading opposition party, in view of the fact

that this same party might win government power in general elections if the regular feelers put out to political and economic discussion circles are borne out. This curiosity would appear to have intensified following the recent statements made by the socialist leader about avoiding nationalization insofar as possible, in the event that the PSOE one day becomes responsible for establishing the economic policy of the country.

Various participants in some of the meetings held, on both sides, agree in reporting that the discussion was of a general nature, and that at no time was the subject of the financing of the political parties for the coming electoral campaign taken up. "Felipe Gonzalez has a great sense of delicacy, and he knows that the financial problems of the parties are being dealt with at other bargaining tables and under other circumstances," one banker, who noted the "excellent relations" between his institution and Felipe Gonzalez himself, told this newspaper.

The subject which was taken up at the majority of the luncheons was seemingly an explanation by Felipe Gonzalez of the political situation in the country, with specific references to the problems affecting the Democratic Center Union [UCD], which have given rise to speculation about the early dissolution of the chambers and the immediate scheduling of general elections (shift of deputies to the UCD right and left), and the need to avoid the polarization of the country into major right and left-wing factions. In this connection it should be remembered that on more than one occasion, a number of bankers have voiced their intention "not to let the UCD drop," because they regard its role as an intermediary between the hard line right and the left wing as indispensable. The third point of reference dealt with is said to have been the socialist party's concern about the increasing political belligerence of the Spanish Confederation of Business Organizations (CEOE), which has led to frequent tension in recent times. We have not been able to learn how this concern was set forth at the meeting between the socialist team and the bankers, nor what response they made to Felipe Gonzalez' explanation.

Various bankers, when asked about the meetings, reiterated their interest in learning of the provisions supported by Felipe Gonzalez, which they termed "very realistic" and in his explicit voicing of his intention to avoid "scorched earth policies" and to establish bridges between the left wing and the most reticent businessmen. The socialists, for their part, have said that they encountered "greater democratic concern among the bankers interviewed than among many businessmen who are quoted in the newspapers every day."

Tension Between the CEOE and the PSOE

Without a doubt, the preceding statements have to do with the tension which has been felt in recent weeks between the leaders of the CEOE and those of the PSOE. Ferrer Salat, president of the employers' association, said last Monday in Seville that Felipe Gonzalez "has a Franco-like concept of politics," while Jose Antonio Segurado, vice president of the CEOE, said during a recent lecture at the 21st Century Club that Spanish socialism is not that of Felipe Gonzalez, but the radical socialism of Mitterrand and Willy Brandt."

And so the secretary general of the PSOE has shown no interest recently in talking with the leadership of the CEOE, as he had done many times in the past. However, he did indeed accept the invitation of the Businessmens' Circle to attend the general assembly held last Thursday. At that meeting, Felipe Gonzalez stated that "If the elections allow the PSOE to emerge the leading party, I would make a majority offer, because the results will show me that the electorate wants this." With regard to nationalization, he said that "I have no special fondness for the term 'nationalization.' There are conservative nationalizations and progressive nationalizations, and at any given time they serve a specific political interest. However, we are not prepared to reject the possibility of nationalization forever. No one does this, either the right or the left wing. This has even been done by UCD governments, and it has not changed the model of society."

According to sources in the Businessmens' Circle itself, Felipe Gonzalez offered a picture of responsibility and collaboration with the government on the major state issues. "We are making a great effort to strengthen the executive branch and we are doing so in the areas of economics and general policy."

The socialist leader told the businessmen that "1982 must be a year of work and calm, in which it would be very bad for parliamentary and administrative activity to be paralyzed, because it is a preelection year. It is to be regretted," he added, "that our efforts may be frustrated by the irrational crises in the governing party, the shifts of deputies and the elections in Andalucia."

As to the immediate future, he urged a national compromise to ready the productive apparatus, to recover the large volume of unemployed persons for that apparatus and to undertake the reform of the administration in efficient terms.

These meetings the socialist leader has held with businessmen and bankers have occurred rather frequently since just after the 1979 elections, but in almost all cases they have come about on a multilateral basis. In other words, there have been contacts between Felipe Gonzalez and the "club of the great seven," but not individually with each of the bankers separately. Working in this fashion, it will be possible to assess the differences in views among the individual major banking leaders. On one of the first occasions when it was learned that the "great seven" were holding political luncheons, Felipe Gonzalez was invited. Following that meeting, Aguirre Gonzalo, the president of the Banesto, one of the banks which has not recently planned any meeting with the PSOE, made statements very favorable to Gonzalez.

A dinner held in a Madrid restaurant toward the middle of last year was attended by Juan Miguel Antonanzas, president of the SEAT [Spanish Passenger Car Company, Inc.]; Manuel Azpilicueta, president of the Bankunion; Claudio Bada, president of the National Hydrocarbons Institute; Mario Caprile, president of the FEMSA; Jose Maria Lopez de Letona, president of the Bank of Madrid; Enrique Moya, secretary general of the Businessmens' Circle; and

Rafael del Pino, president of Ferrovial. On the socialist side, participants in addition to Felipe Gonzalez included Joaquin Almunia, Miguel Boyer, Ernest Lluch, Javier Solana and Carlos Solchaga. As early as the time of that dinner, the socialist secretary general had said that a priori, "We will not nationalize anything."

5157

CSO: 3110/82

NATIONALIZATION NOT EXCLUDED BY SOCIALISTS, GUERRA SAYS

Madrid EL PAIS in Spanish 7 Feb 82 p 16

[Text] In statements made to the EFE news agency, the deputy secretary general of the PSOE [Spanish Socialist Workers Party], Alfonso Guerra, modified earlier statements made by the leader of his party, Felipe Gonzalez. Among other things, he stressed that the PSOE does not have a nationalization program, "but there are sectors which cannot remain in private hands, for example the high tension network. It is also necessary to gain control of credit, no matter what it is called. We are then going to undertake nationalizations, although not of industry as a whole, and control of credit must be established, I do not care what name it is given."

He also said that when the secretary general stated that the 23 February trial should be put in its proper place, he did not mean to minimize its importance, "but rather that we must not fall into the trap of allowing the military authority to prevail over the civilian authority." Guerra said he shares the fears of those who believe that the 23 February trials will prove a farce, and he added that without a just trial, the possibility of democratic coexistence in Spain will have ended.

Guerra also ventured the statement that "If after the elections in Andalucia, 15 Andalusian deputies go over to the UCD [Democratic Center Union], the government will have to proceed directly to elections." However, he believes that the government strategy is to "hold out until the month of June, when the legislative recess will ensue, and the chambers will certainly be dissolved next autumn." Within this context, the strategy of the PSOE has been oriented toward avoiding the scheduling of elections prior to the 23 February trial at all costs, "and if early elections are held after that, we can face them without problems."

Concerning the socialist campaign for early elections, the deputy secretary general of the PSOE said that "However much the party might want to show itself submissive to the right wing, the latter would never believe us. The business leadership in this country is so stubborn and resistant that it doesn't matter what is said to them."

5157

CSO: 3110/82

ACADEMICIAN REVIEWS POSITIVE REASONS FOR NATO ENTRY

Madrid EL PAIS in Spanish 27 Feb, 2, 3 Mar 82

[Three-part article by Angel Vinas: "Spain Facing NATO"]

[27 Feb 82 p 18 Part I]

[Text] With this text we begin a series of three articles in which an analysis is made of the costs entailed and the opportunities opened up since Spain's recent decision to join NATO. The entry into this military organization represents an all-important step toward coping with the main external threats (from North Africa to the Warsaw Pact) that our country is currently facing; but, in any event (according to the author*), it should not be considered a panacea, and its efficacy will depend primarily on the manner of our entry into the Atlantic Alliance.

Now that Spain's entry into NATO has been decided, it befits us to examine the opportunities that this affords for coping with some of the major problems besetting the security policy of Spain which, for the first time since 1953, has set aside subjugation to the United States as a key factor on which to base our country's inclusion in the Western defense system decided upon by General Franco after accepting considerable reductions in sovereignty, unprecedented in our contemporary history.

It is essential to discuss this issue by citing, in order of priority and with maximum clarity, the main external threats with which Spain is confronted at present.

In the first place, I think that we must mention North Africa, where Morocco has established a dispute claiming the fortified towns of Ceuta and Melilla, as well as the islands and cliffs near the coast, and could, objectively, compete with Spain for control of the Strait of Gibraltar. Only in second place would it be proper to assign the threat from the Warsaw Pact, coming

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either from the vast Central European plains or the Mediterranean area. Our country's chances for taking action against that threat are non-existent. The potential for conflict stems from dialectics involving East-West relations on which Spain, by itself, cannot have an influence.

Insofar as the first threat is concerned, it is obvious that the solution is related to the need for strengthening our Armed Forces, in accordance with the increment in the foreseeable enemy's military power, so as to guarantee both Spain's territorial integrity and the actual control of the Balearic-Strait-Canaries axis. Now then, the extent to which such a scenario could be handled without being associated with a certain amount of external backing, whether from the United States or from NATO, is a debatable topic which I shall discuss later.

Insofar as the second threat is concerned, Spain could not really defend itself except within the context of the Alliance or through a new bilateral treaty with the United States improved substantially in the juridical and military terms; because a potential armed neutrality would require extremely large defense spending, and it is likely not to be upheld in the event of an armed conflict between the two blocs.

This is a point which played an essential role in the discussion last year; but I would like to stress that the twofold option (United States and NATO) which I have just mentioned does not constitute an authentic alternative, for the three following reasons:

1. It should be considered that the military, control and communications facilities granted by Spain to the United States are, in one way or another, a part of the possibilities called for in the expansion of the Alliance.
2. It seems clear that the Alliance has not officially recognized Spain's indirect contribution to its expansion, and that the Spain-NATO connection for communication and planning of war-related scenarios has had to be tenuous and insufficient, if it has indeed been created.
3. Owing to the continued existence of the agreements with the United States for cases of emergency, Spain is a potentially hot area on the southern flank of NATO; something which entails an obvious military risk in the event of a conflict with the Warsaw Pact.

For good or for bad, General Franco certainly introduced Spain through a false door into the East-West dialectics, while at the same time obtaining from it what were essentially effects for the internal reinforcement of his regime.

Our geographical and geostrategic position and the weight of the alliances have made Spain a target, not only in the possible excess of action on the part of NATO in the event of a direct confrontation between the latter and the Warsaw Pact, but also perhaps in the contingency of an indirect excess

of action on the southern flank, based on limited military conflicts carried out through third parties (that is to say, the nations of North Africa).

The Search for Options

The most viable counter-strategy (armed neutrality) must be weighed not only against a tradition of nearly 30 years of effective, though somewhat shameful alignment, but also against the presumable resistance of the military apparatus toward cutting the flow of experience, training and intercommunication which, either for good or bad, has linked our Armed Forces with those of the United States, and has allowed them some access to the implementation of the Western superpower's military and defense thinking; which may have improved the Spanish training and deployment to some extent. In my opinion, it is impossible to argue logically on behalf of Spain's non-entry into the Atlantic Alliance and nevertheless favor the continuation of the unbalanced relationship with the United States.

The NATO strategic option has at times been upheld with meager arguments, based on a series of considerations regarding national goals to be attained. Since the experience of Francoism, perhaps the most outstanding event has been the final break in Spain's relative isolation in international affairs. The policy which began with entry into the United Nations, the International Monetary Fund (IMF), the World Bank group, the OEEC [Organization for European Economic Cooperation] and other organizations has been extended to incorporation into the defense institutions of the West European world; because up until now a unique relationship has been maintained with them, which has not been devoid of obstacles of a political, military and diplomatic nature.

These obstacles stem basically from Spain's failure to assume responsibilities for collective defense in the area created for this purpose; which precludes its participation in the meetings, discussions, briefings and decisions on a greater or lesser level within the Atlantic Alliance, although problems and situations the consequences of which are not escaped by Spain are taken up in them.

In this regard, there can be no doubt of the importance of entering into the collective security and defense plans, with access to the allied military doctrine and to the programs for mutual backing and cooperation. It is believed that this will help to destroy structures, institutions and states of mind rooted in the experience of an area of withdrawal and isolation, which would otherwise be extremely difficult to change. The parallel with what occurred in the economic area after 1959 is obvious.

Historic Decision

From this perspective, there can be no doubt that the entry into NATO is an historic decision for Spain, as is that of acceding to the European Communities. Both are part of a broad strategy for final incorporation into the

Western institutional systems (political, economic and military). Their results could prove to be deepseated, although they are not devoid of negative effects.

To be sure, the improvement in the force of the security policy confronted with one of the two major threats hovering over Spain appears to be considered at present as the main advantage stemming from the entry into NATO. Of course, this is not the panacea for solving the most pressing problems of our foreign policy and our defense. Nevertheless, the opportunity for dealing under better conditions, if it is done intelligently, with some of the most urgent problems will depend largely on the manner of our entry into the Alliance. This is one of the great challenges of 1982.

[? Mar 82 p 18 Part II]

[Text] The extent to which Spain's entry into NATO could prove useful in coping with our major security problems will depend not only on the entry, but also on the manner in which it is carried out. There have been emotional controversies on the first point. Now that the General Cortes have recorded their opinion, it is essential to identify the possibilities which should be accrued from the second. The two threatening scenarios confronting Spain are the one from North Africa and the one involving a conflict between the two major blocs. The author began these reflections last Saturday; he continues his analysis here.

Morocco is a potential area for friction wherein Ceuta and Melilla are involved. How will Spain's entry into NATO affect this scenario?

To be sure (the press has debated it and the government has maintained a discreet silence), the optimal solution for Spain, but one which is hardly attainable, would consist of achieving some type of explicit commitment from NATO that those fortified towns will be considered integral parts of Spanish territory "for purposes of Articles 5 and 6 of the North Atlantic Treaty)", which determine the area wherein the effect of the Alliance would be triggered if an armed attack against one of its signatories should occur.

To many of our fellow countrymen, this would perhaps be the only acceptable hypothesis; and there have been some who have stated that we should not join NATO if it is not achieved. Nevertheless, from the standpoint of international feasibility, we should not forget that, while history is in favor of Spain, geography or geopolitics is not, and that Morocco could always exert pressure to have the fortified towns, islands and cliffs cease to be Spanish. It is obvious, and there is no reason to emphasize it, that our defense policy must realistically consider the more or less remote possibility of a change in the status of Ceuta and Melilla.

Fear of a Precedent

If NATO were to include both within the geographical boundaries of the North Atlantic Treaty, for purposes of Articles 5 and 6, this would obviously represent a strong deterrent to potential North African action; but on the other

hand, it should not be forgotten that this would not necessarily entail a definite type of reaction from the Alliance. In the event of an armed attack on Ceuta and Melilla which did not come from the Warsaw Pact (actually, NATO's exclusive antagonist), counteraction of the kind that would be used in a conflict with the former is inconceivable.

In any event, it may be anticipated that Spanish diplomacy will find a clear-cut opposition to such a proposal in NATO. There has existed in the Alliance a definite desire not to change its territorial boundaries without careful consideration. The instance of Ceuta and Melilla could set a precedent, and one must count on the indifference of some members and the resistance of others who regard the fortified towns as colonial enclaves.

Nevertheless, the hypothesis of Articles 5 and 6 is not the only one; there are others. For example, in the second ranking of priorities, mention should be made of the possibility of negotiating with the Alliance for an explicit declaration that would categorize Ceuta and Melilla as zones of strategic interest to it, even though they are not located within the areas of concern for purposes of Articles 5 and 6. This would also unquestionably help to expand the weaponry to be deployed by the Spanish deterrent device.

Other Spanish Needs

A third line of negotiation would be afforded by the possibility of negotiating with the Alliance for its commitment to provide us with the necessary material and diplomatic backing in the event of a conflict over Ceuta and Melilla not caused by aggression from Spain, without having this mean direct, compulsory intervention by NATO. This may possibly be what would show the greatest signs of likelihood, although one final possibility should not be overlooked: that the Alliance might assume some more or less diluted type of commitment that would to some extent reflect the spirit of the foregoing one.

The question of the areas of sovereignty, on which a clearcut pronouncement must inevitably be made in the text on accession or in a supplementary protocol, prompts the citing of a subsidiary argument: Spain's contribution to NATO must tend to coincide to the greatest possible extent with Spanish interests. Furthermore, it should be declared that if the entry were to mean sidestepping the specifically national problems, it would not help much to improve our margin for maneuvering in Europe, not to mention a repetition of the Franco concessions to the United States (spanning all the distance, let it be said).

Danger Zones

Therefore, in negotiating the type of situation with which Spain is joining NATO, I think that it should attempt to have the Spanish strategic deployment carried out paying priority heed to the defense of the Balearic-Strait-Canaries axis, and other potential danger zones.

Some experts also add that the assumption of the new tasks imposed by the Alliance's strategy should be to a major extent compatible with Spain's

interests and potential. So long as the aforementioned axis continues to constitute the foundation for our strategy of containment, it does not befit us to give up its defense for the benefit of other missions that would suit NATO more. The results of the specific form of entry will be gaged by this as well.

But the opportunities offered by the entry in connection with the scenarios involving the North African threat cannot be exhausted here: Many authors have mentioned the need for Spain to play the role of a listening post, to alert the Alliance regarding potential areas of conflict in the zone; for example, in the context of attempts at Soviet penetration carried out with an increase in presence and influence. Spain, with Italy, lies in the front line facing such penetration, and everything that helps to strengthen NATO's southern flank will have beneficial effects on our southern defense policy, in principle.

Compensating Forces

This entails the need for an attempt to divert attention in a somewhat lower direction from the Alliance's policy of containment, concentrated hypnotically on the vast Central European plains. With the Spanish reinforcement, this may compensate for the current weakness in the underbelly of Europe, which is a timely issue at present owing to the Greco-Turkish tension, Papandreou's incipient policy, the reinforcement of the Soviet fleet in the Mediterranean and even the actions of Libya.

Moreover, and still in connection with the North African scenario of a threat to Spain, entry into NATO should guarantee progress in a crucial aspect: that relating to the strengthening and modernization of our Armed Forces.

This involves at least two essential points:

1. A determination as to which Spanish units are to be assigned to NATO missions, establishing the tasks that Spain must perform in the mutual defense as a whole and, insofar as possible, in keeping with Spain's interests in the political, as well as the strategic and military realms. I believe that the goal to be attained lies in not overly reducing Spain's potential in the face of any threat, including that from North Africa.

2. Access, under complete terms, to information, planning, programming, research and development on weapons and materiel, and also to technical and professional training for the Armed Forces. In this respect, it should be noted that, although there is no public assessment available from the military concerning the effects of the agreements with the United States in this regard, there are indications warranting the assumption that they have not been very sizable in terms of equipment and "know-how". It has been claimed that the instruction received has been concentrated on areas that are of greater concern to the Americans, and that this has resulted in rather meager progress in increasing our military capacity.

To summarize, these considerations show that solid relations can and should be established between the European priority goal (defense against the Warsaw Pact) and the Spanish priority goal (in addition, the defense of our territorial integrity in other scenarios). The manner of entry into NATO will determine our opportunities.

[3 Mar 82 p 16 Part III]

[Text] The environment of security in Ceuta and Melilla may possibly increase with the entry into NATO and with a stronger international position. Nevertheless, the fundamental variable will continue to be the greater effectiveness of our Armed Forces, that is, their increased deterrent capacity. In this final article, the author adds some more positive effects from the entry into the Alliance, but also the obstacles that might stem from it.

Another major question in our foreign policy extending to the NATO option is, of course, the problem of Gibraltar. Experience has clearly shown that it is a rather difficult one, and that Francoism did not make much progress.

Apart from the fact that the democratic system has thus far been capable of only millimetric progress that could be improved, it seems clear that the option should never have been taken (as it has not) to pit against one another the two goals of national scope, that is, achieving a substantial change in the current status of Gibraltar and acceding to the Alliance.

The latter, in particular, has not been made contingent on the achievement of the former, which does not depend on Spain alone, despite the fact that many impassioned spokesmen have attempted to link both goals closely together. What is involved, rather, is to explore the matter of whether entry into NATO can or cannot foster the solution to the dispute with the United Kingdom.

Now then, there are in the Atlantic Alliance mechanisms for achieving a settlement of bilateral differences and problems among the member nations; and hence it is obvious that Spanish diplomacy will have to make use of them insofar as possible, particularly if Spain can guarantee the same degree of control over the Strait as that wielded at present by NATO through a British Gibraltar.

This poses certain problems which are well known to the military, involving the restructuring of the command, facilities and capacities affecting the zone.

One of the underlying hypotheses in this regard is that probably, as Spain's incorporation into NATO reinforces our security (although this has been disputed) and that of the Alliance, in the Spanish strategic area, we shall have to assume control of the Strait, even with the cooperation of allied facilities. Another likely hypothesis is that it would be necessary to reinforce the negotiating position with respect to the United Kingdom in order to prompt a definitive solution to the problem of Gibraltar.

The Armed Forces

The increased preparedness for potential defense scenarios and the favorable repercussions on any issues that crop up in our foreign policy, of particular concern to the Spanish people, are not trifling matters; nor is the presumable effect on the Armed Forces, a key element in any security policy.

Many experts, for example, Col Fernando de Salas, have underscored some of the latter: updating of the doctrinal concepts, combat methods, organization of units, logistics development, etc. All of these are areas not to be underestimated from the standpoint of Armed Forces such as ours, which have not participated in any modern conflict, and whose main function, according to the former system, lay in serving as the last resort for maintaining the system: an internal function.

In the Constitution, Spanish democracy has attached a clearcut priority to the missions of the Armed Forces: a guarantee of Spain's sovereignty and independence, defense of territorial integrity, and defense of the constitutional system. This order of priorities is not unusual in other democratic systems.

Now then, the first two missions require the mobilization of appropriate facilities and resources; and it is undeniable that professional and technical training will improve when Spanish units are present in combined organizations and when they participate in exercises and maneuvers with other foreign forces associated with a common area of defense. But it would be ridiculous to ignore the fact that the entry into NATO also poses obstacles. In my opinion, there are two basic ones:

First, the process of modernization (in the political, economic and military areas) entails costs which are usually distributed assymetrically. They are not assumed equally by the civilian and military administration as a whole, and by the society. Tensions may possibly stem from this, over the short and medium term, among the Armed Forces as well.

It would not appear that General Franco had much interest in exposing Spaniards to the harmful contact with models and patterns of behavior germane to the armed forces of democratic countries. The relative isolation of our Armed Forces has produced actions and attitudes which are of considerable concern to the rest of Spanish society. Now then, entry into the Alliance per se does not, contrary to what is often claimed, entail a change with respect to the previous situation, which is virtually the present one, but rather the possibility that, in time, a deepseated change may take place, which will have to be backed by direct measures of highly diversified types. Opening the doors to sociological, psychological and institutional modernization does not mean that the process will automatically be carried out. The challenge lies here, within, and is impossible to transfer to NATO.

Risks for Spain

The second negative aspect that must be stressed quite clearly is that if a widespread conflict with the Warsaw Pact occurs, the level of risk assumed by

Spain will be greater, owing to the creation of new military objectives in our country following entry into NATO.

This is also a topic that has been debated very extensively. Thus far, the Alliance has acted as an effective deterrent mechanism. An improvement in its margin for strategic, operational, logistical and political maneuvering during these times of unilateral pacifist movements in Western Europe should strengthen NATO to some extent, and hence help to insure the joint defense. The risks that we run are not endogenous in this respect, and will not be dispelled by disarmament or good intentions on only one side.

In the event of a widespread conflict, the prevention of which is, in principle, the fundamental goal of the Alliance, it would have to reflect on the marginal risk of Spain, that is, the difference between the new risk associated with entry into NATO and the one that we have already assumed by virtue of the treaty with the United States. I am afraid that the response will have to be sought among the planners of the Warsaw Pact.

Historic Decision

The mere mention of this risk makes it evident that entry into the Alliance is an all-important, historic decision, which cannot be made lightly. It is by no means the solution to our security problems, but it does afford an opportunity to engage in more dynamic action with respect to them.

Nevertheless, and this is forgotten with self-interested frequency, the parameters which determine that opportunity will depend to a critical extent on the results of the negotiations to determine our particular status within NATO. If those brought by the pacts with the United States in 1953, 1970 and even 1976 were mortifying or meager, as the case may be, and did not lack negative features for national sovereignty, in one of the most important international accomplishments of the past regime, it is unquestionable that the Spanish Government will be judged by its skill and ability to negotiate a manner of entering the Alliance that will take into account, as a priority, the problems of national security and foreign policy. NATO is not a panacea, nor should a crusade be made over the entry. It entails costs and offers opportunities. Today, more than ever, we must consider how to maximize the latter.

2909

CSO: 3110/99

PRESS NOTES EXPANDED PRESIDENTIAL POWERS OF APPOINTMENT

Instances Cited

Istanbul MILLIYET in Turkish 18 Jan 82 p 12

[Report by Hayri Birler]

[Text] The legislative changes and new laws introduced after 12 September 1980 have empowered the President to directly select and appoint members to several important councils and bodies. President Evren has, so far, exercised part of these powers.

After 12 September 1980 President Evren appointed members to the State Oversight Board, the Higher Education Council and to the Supreme Council of Judges and Prosecutors. Evren also directly appointed the Chief State Prosecutor, the Deputy Chief State Prosecutor, the President of the Supreme Military Administrative Court, the chief prosecutor and department heads of the same court and some members of the Supreme Court of Military Appeals. By exercising the powers vested in him by the newly enacted laws Evren will next appoint the President, the chief prosecutor, deputy presidents, department heads of the council of states, as well as the chief judges of the regional administrative courts. Evren will also personally select the deans of 19 universities in Turkey by exercising his powers under the YOK [Higher Education Council] law.

The powers vested in President Kenan Evren through legislative changes made after 12 September 1980 and the appointments made by him by exercising these powers are:

On 13 September 1981, the Supreme Council of Judges and Prosecutors Law was introduced and the power to select four members of the 7-member council was given to the President who exercised these powers on 30 May 1981. Evren selected Nusret Ozanalp, Yahya Saim Gokcedag, Fazil Alp and Suleyman Turkoglu as principal members of the council and Omer Nurettin Dogan, Ismet Denkcioglu, Fuat Azgur and Guven Dincer as alternate members. Alternate member Fuat Azgur later on elected to the Consultative Assembly and a second alternate member, Guven Dincer, resigned.

On 29 June 1981, certain articles of the Court of Appeal law were ammended and the power to directly select the Chief State Prosecutor and his deputy was given to the President. Exercizing these powers on 3 July 1981, Evren chose Firuz Cilingiroglu as Chief State Prosecutor and Nadir Yuzbasioglu as Deputy Chief State Prosecutor.

On 1 April 1981, a law providing for the establishment of a council under the title of State Oversight Board was introduced, which empowered the President to elect all the members of the Council. Evren has appoined the following six members of the 9-member council: Sabri Tavazar, Semsettin Iyiol, Nidai Ilhan Aka, Yildirim Ozdamar, Alaaddin Karaman and Ihsan Kuntbay. Under another provision of the law, Evren also selected one of the members appointed by him as the president of the council and on 18 September 1981 he appointed the retired Air Force Lt Gen Sabri Tavazar as the president of the council.

On 4 November 1981, the Higher Education Law was approved. This law provided for the establishment of a 25-members council under the title of Higher Education Council and the selection of 8 members of the 25-member council by the President and the remaining 17 members from different sources. However, under the law the selection of these members is subject to the President's approval.

President Evren has exercized his power to directly select the eight members of the council, as provided by the law, and according to the decree published in the revised edition of the OFFICIAL GAZETTE for 23 December 1981, Gurol Ataman, Neset Bilaloglu, Servet Bilir, Neset Cagatay, Ihsan Dogramaci, Kemal Karhan, Dogan Karan and Milih Kocer were appointed as members of the Higher Education Council. Evren has also exercized his power, under the law, to select the president of the Higher Education Council and selected Ihsan Dogramaci, from among his appointees, as the president of the council.

On 25 December 1981, the Supreme Military Administrative Court Law and the Military Judges law were amended. These amendments provided for the selection of both military judge and non-judge members of the Supreme Military Administrative Court by the President. The law became effective immediately. Moreover, under a provisional article the law empowered the President to directly select the president, the chief prosecutor, the department heads and the officer members of the Supreme Military Administrative Court. Under the same article, the President has also been empowered to appoint the redundant judge members of the Supreme Military Administrative Court to the Military Appeals Court.

Evren exercized these powers on 8 January 1982 and has directly appointed Brig Gen Semahattin Devrim as the president of the Supreme Military Administrative Council, Navy Judge Advocate Captain Turgut Akan as the chief prosecutor of the court, Judge Advocate Colonel Mustafa Copur as the head of the First Department, Air Force Judge Advocate Col Zeki Gungor as the president of the Second Department. Evren has also appoined Col Necdet Armay and Hulusi Ozbakan, both judge members of the Supreme Military Administrative Court, as members of the Supreme Military Appeals Court. Meanwhile, Staff Col Mutallip Ozdemir, Navy Staff Col Nusret Koken, Air

Force Staff Col Atilla Hatipoglu and Gendarmery Lt Col Necdet Ustaoglu have been appointed by the President as the officer-members of the Supreme Military Administrative Court.

Evren, to date, has exercised all the powers of direct appointment granted under laws introduced after 12 September 1980.

Under the Higher Education Law the President was given the authority to directly appoint university presidents, but Evren has appointed no university presidents as yet.

Under the Council of State Law and the law providing for the establishment of regional administrative courts, administrative courts and tax courts, approved by the National Security Council on 13 January 1982, gave the President new powers to make direct appointments.

According to this, the number of the Supreme Council members, excluding the administrative trial judges and prosecutors, shall be equal to one-fourth of the total membership of the Council of State and they shall be directly elected by the President. Through an amendment made to the law, all those persons who held the post of general, admiral, Presidential General Secretary, Prime Minister, minister and undersecretary shall be directly selected by the President for the Supreme Council.

In accordance with the provisions of provisional articles of this law, all the existing vacant seats of the Supreme Council will be filled within a month through direct appointments to be made by the President. Within 15 days following the completion of this selection process the President of the Supreme Council, its chief prosecutor and 10 department heads will be chosen by Evren on a one time basis. The law gives the president, on a one time basis, the authority to allocate the members of the Council of State among the officers.

Furthermore--and again on a one time basis--Evren will be able to appoint chief judges from among the members of the Council of State to head the regional administrative courts established on the basis of proposals by the Supreme Council of Judges and Prosecutors.

Ilicak Editorial

Istanbul TERCUMAN in Turkish 19 Jan 82 pp 1, 14

[Editorial by Nazli Ilicak]

[text] The laws enacted after 12 September give broad powers to the President and make it possible for him to establish control over various establishments.

For example, members of "the Supreme Council of Judges and Prosecutors" shall be selected by the President from among three times that number of candidates.

The President shall also directly appoint a number of the Supreme Council members. The remaining members shall be selected by "the Supreme Council of Judges and Prosecutors." However, since the members of the Supreme Council of Judges and Prosecutors are appointed by the President, the latter will have a definite influence on the selection of members for the Council of State.

The eight members of the Higher Education Council, which will run the universities, shall also be selected by the President. Moreover, all the appointments to be made to YOK [Higher Education Council] shall be subject to the approval of the President. We witness the elimination of autonomy in the field of education as well as in the judiciary and the furnishing of broad powers to the presidency.

It is natural that abuse of autonomy cause strong reaction. Holders of the view that "Since both the universities and Judicial system have failed the test, they must be stripped of their powers," are now bringing the independent institutions of the 1961 Constitution under the jurisdiction of "the Executive body."

We are against the wholesale condemnation of the university and the judicial systems. Certainly, there were faults in the working of the Supreme Council of Judges, which was established by the 1961 Constitution. The universities, on their part, were, perhaps, unsuccessful in taking measures against anarchy or in preventing pile ups (yigilmak) in certain regions. Nevertheless the question must be evaluated in detail without resorting to generalizations. For example, the stand of the Supreme Court of appeals is very different from that of the Council of State. The Supreme Court of Appeals has not, in general, used the principle of law and justice for political ends. The Council of State, on the other hand, through well known actions and political preferences has completely crippled the administration.

Although the university was not always able to show the maturity expected from it, it must be recalled that its autonomous status has protected it against political pressure, and while parties could find an important playground arena for rivalry at the educational institutes, this institution succeeded in steering away from political plots.

Along with the removal of autonomy, which body is being given authority is also an important matter. Because the changes in the constitutional order indicate a shift from the parliamentary regime toward a presidential system. Whereas, it is not yet known how the president will be elected.

The articles of constitution are like a two-edged sword. Powers provided today for a certain person in mind could, in the future, be exercised by a person of completely different inclinations. Failure to establish the mutual equilibrium will facilitate the taking over of the state.

While making use of the wide powers of the 1958 constitution drawn up for De Gaulle, the Socialist President of France, Mitterrand, says: "The suit

was not tailored for me, but it fit me well." The Socialist-Communist coalition in France replaced the administrators of the radio and television and the presidents of universities, and through important appointments it made in the justice system and the police it has easily brought about an order suitable to its political preferences. An elected government must definitely be equipped with powers to implement its program and each of its actions must not encounter unending obstacles.

The difficulty lies in finding the delicate balance between the authority and freedoms. Authority weakens in the hands of people who stress autonomy in order that freedoms not be infringed upon and are unable to use their authority intelligently. The opposite is also valid. The view that the state must be strong and authority must not weaken may lead us to a point harmful for both justice and freedom. Moreover, difficulties increase if all the powers are concentrated in the hands of one person and if the counter-vailing weight of the parliamentary system is removed.

9558

CSO: 4654/145

'CUMHURIYET' CITES PROGRESS IN RELATIONS WITH MIDDLE EAST

NC150902 Istanbul CUMHURIYET in Turkish 10 Mar 82 pp 1, 11

[Text] Our foreign relations in the Middle East show signs of continuous progress. Talks held by Deputy Prime Minister Turgut Ozal and his large entourage in Tehran strongly indicate progress in this development. News agencies provide detailed information, for example, about agreement reached on laying three pipelines between Iran and Turkey directed to the West. One of the lines will carry oil, while the other will carry natural gas. A third pipeline is also being considered which will carry natural gas to Europe. If these plans become a reality, the historic trade route between Europe and Asia will be revived again through international highway transport overland and through the pipelines underground.

Moreover, increasing imports from and exports to Iran were also discussed during Ozal's visit to Iran. The coordination of lasting relations will need time. We must refrain from embarking on unrealistic calculations.

Turgut Ozal's visit to Iran with hundreds of businessmen has also acquired political significance. In a statement issued by acting Foreign Minister Orhan Oztrak in Ankara, rumors regarding the presence of an anti-Iran military force in Turkey have been denied. According to the NEW YORK TIMES, pro-shah officers who took refuge in Turkey are being assisted by the CIA to organize a military force against Iranian Azerbaijan.

Moreover, Iranian President 'Ali Khamene'i told CUMHURIYET correspondent Cengiz Candar the other day that he strongly hoped that Turkey would not identify itself with the military demands of the United States directed against the Persian Gulf. The political conditions accompanying the Turkish-Iranian economic rapprochement will create mutual feelings of confidence and cooperation between the two countries. This development and rapprochement is different from that of the shah's era, because Washington is excluded from the new relations between the two neighboring countries. This is what is happening, and it is possible.

This is an interesting example which stresses once again the interlinked nature of politics with economics.

CSO: 4654/206

TURKMEN DISCUSSES ARMENIAN, GREEK, NATO ISSUES

Istanbul CUMHURIYET in Turkish 26 Jan 82 pp 1, 11

[Text] Ankara--CUMHURIYET Bureau--Foreign Minister Iltis Turkmen stated that during the trial of the Armenian terrorist, Kilimciyan, in France the jury was subjected to very strong political and psychological pressure. Turkmen said: "We are confident that the disgusting nature of the Armenian propaganda, which incites vengeance and hatred, will be understood by the world public with every passing day."

Speaking during the debate of his ministry's budget at the Consultative Assembly Turkmen briefed the Assembly on Turkey's foreign policy, Cyprus, the NATO alliance, the Council of Europe, the relations with Middle Eastern countries and the Armenian terrorism.

Noting that as a result of the pressure exerted by the Armenians the jury found Kilimciyan guilty of being an accomplice and not as the perpetrator of the crime, Turkmen said: "The outcome reflects the pressure on the jury and bears no proportion to the crime. However, irrespective of the outcome the trial must become an eye-opener from the point of view of exposing once more the facts of the Armenian terrorism to the world. We are confident that the disgusting nature of the Armenian propaganda, which incites vengeance and hatred, will more and more be understood by the world."

Turkmen said the calculation that tension in the Turkish-Greek relations, which he stressed is in an "unfortunate state," is predestinated must not be taken as a starting point.

Stating that Turkey's stand toward Greece has always been in the direction of negotiations and conciliation, Turkmen said Turkey has not seen any response from Greece in the same direction. Turkmen noted that "the uncompromising, opportunist and negative attitude" of the Papandreu government "has become evident at the recent NATO Defense Ministers conference where it presented Turkey as a threat." Turkmen expressed the hope that the fact that these threats were not taken seriously would lead Greece to see realities.

Turkmen then briefed the Assembly on the issues of disagreement between Turkey and Greece and said that Turkey is determined on the question of demilitarization

of the Eastern Aegean islands. Stating that there are signs that Greece is preparing faits accomplis in the Aegean Turkmen said: "We advise Greece not to miscalculate Turkey's reaction to such faits accomplis and not to harbor any illusions."

Noting that after the 12 September [military takeover] there has been no change in the fundamental direction of Turkey's foreign policy, Turkmen said the following with regard to the 12 September operation: "On the one hand it created the necessary conditions for the making of a consistent policy, and altered Turkey's image in the world and increased the strength and weight of our country at international and regional platform, on the other."

Turkmen further stated that after 12 September, the objective is to evaluate Turkey's regional defense obligations within NATO in the best way and that it is Turkey's firm aim to settle problems with Greece by taking into account two countries' joint membership in NATO, and to reach an agreement on the question of NATO command responsibilities in order not to let the disagreements between the two countries to block the solidarity within NATO.

Referring to the relations with the Council of Europe, Turkmen said that after 12 September Turkey spared no effort in maintaining relations with the Council of Europe. Reminding the existence of various political inclinations in the Consultative Assembly of the Council of Europe Turkmen said: "In any case, the importance we attach to the Council of Europe will not be more than the importance attached by the Council members to the relations between Turkey and the Council of Europe."

Noting that the stand to be adopted by the Consultative Assembly of the Council of Europe toward Turkey will be known in the coming days Turkmen recalled that recently governments of certain members of the Council seem to be inclined, as a result of domestic political calculations, to provoke certain moves against Turkey and added that the stand and actions of these governments are being studied.

Delivering the first speech during the debate of the Foreign Ministry budget the member from Ankara, Halil Ibrahim Karal, noted that in the past few years the detent has been put aside at the international platform. Karal said during this period our foreign policy must make new moves and contended that the Foreign Ministry was acting irresponsibly. Karal said: "The present international situation is, as far as Turkey is concerned, regrettable."

Member from center (Merkez), Aydin Tug, drew attention to the increasing Greek provocations and said the situation in the Aegean has become intolerable. Referring to the question of EC membership Tug said: "When Turkey joins the European Community it will become a second class country of Europe."

Meanwhile, Abdulkadir Cebeci [another member] said: "The events in Poland have not eased the situation in the Middle East, on the contrary they aggravated it." Member from Denizli, Ismail Sengun, proposed that foreign service officials upgrade their qualifications and suggested that during selections for foreign

service candidates be subjected to intelligence and aptitude tests along with language examinations.

Member from Zonguldak, Turgut Tan, asked if there is any plan to reduce the numbers of Foreign Ministry officials now serving in the Eastern Block countries. Following the replies of Turkmen to criticisms, the Foreign Ministry budget has been voted and approved.

9558

CSO: 4654/152

BRIEFS

VISITATION PLAN--It has been announced that 2,500 [as published] Iranian prisoners of war held by Iraq will meet their relatives in Turkey on 21 March, the Persian new year's day. About 10,000 [as published] Iranians will be flown either to Istanbul or to Ankara in jumbo jets to meet their relatives. The joint efforts of the International Red Crescent and the Red Cross organizations have been completed. The 7,500 Iraqi prisoners of war held by the Iranians will be able to meet their 30,000 relatives in Kuwait. It has been announced an Iranian delegation which has completed its contacts in Kuwait in this connection, will be arriving in Turkey during the next few days to make similar contacts regarding the meeting of the Iranian prisoners of war with their families either in Istanbul or in Ankara, more possibly in Istanbul. Turkish ambassador to Tehran Tanju Bleda has stated that the Turkish Government has begun the necessary preparations. [Text] [NC150840 Istanbul MILLIYET in Turkish 10 Mar 82 p 5]

EVREN COMMENTS ON TALKS--Kuwait 21 Mar (AA)--Turkish Head of State Gen Kenan Evren told reporters in Kuwait on Sunday that Turkey and Kuwait regretted the continuation of the war between Iran and Iraq. During his talks in Kuwait, the two sides reviewed developments in the region with special emphasis on the Gulf War. "We discussed world events and saw that we make the same evaluations. We noted with importance that the region must gain calm and tranquillity. From this point it has been a highly useful meeting. We also stressed the need to continue efforts to end the Gulf War," General Evren said. In reply to a question, General Evren said they also reviewed Cypriot developments within the general context of world events and discussed measures aimed at development economic cooperation between the two countries. [Text] [TA211608 Ankara Anatolia in English 1455 GMT 21 Mar 82]

POW VISITS DISCUSSED--Iran has applied to Turkey in order to enable the Iranian prisoners of war in Iraq to receive visits from their families. According to information received from Foreign Ministry spokesman Amb Nazmi Akiman, an Iranian delegation will arrive in Turkey on 27 March in order to hold talks on this matter. The possibility of the families of Iranian prisoners of war stopping over in Turkey for a short time and traveling to Iraq via Turkey will be discussed during the talks with the Iranian delegation. If agreement is reached on the subject, some 10,000 Iranians will travel to Iraq via Turkey under the auspices of the International Red Cross to visit their relatives, who are prisoners of war in Iraq. [Text] [TA191720 Ankara Domestic Service in Turkish 1600 GMT 19 Mar 82]

SPD, FDP AGREE ON ARMS EXPORT GUIDELINES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 11 Mar 82 pp 1, 2

[Article by "fy": "Toward New Guidelines for Arms Exports"]

[Text] New guidelines for German arms exports can be established. The major political obstacle which stood in the way of the government's revising the existing guidelines—the resistance and the reservations voiced by the two fractions of the coalition—were overcome on Tuesday. The SPD and FDP fractions approved the arms export recommendations prepared by working groups formed earlier. The salient points of the recommendations are in agreement with the government position which makes it likely that a corresponding decision will be reached at the next meeting of the federal security council which has the responsibility for these matters.

The SPD fraction's recommendations agree almost entirely with those decided upon by the FDP. On substance, the two fractions agree that the export of arms and military equipment to NATO countries and other nations put on the same level with them should continue unrestricted as before. They also agree that restrictive policies should be adopted in the case of all other nations and that no arms should be sold to these "on principle."

This is the way things stood all along. What is to be changed now are the criteria to be applied in the case of exceptions to the rule on restrictions. The still valid "political principles of the government concerning the export of weapons of war and other military equipment" dated 16 June 1971 state that arms shipments to "crisis areas" are not permissible—with the foreign ministry or actually the foreign minister to decide in an individual case whether the nation involved is located in a crisis area or not, which is to say whether it is to receive arms or not.

Both the SPD and the FDP have now dropped the "crisis area" criterion. In the recommendations adopted by the SPD fraction with 12 dissenting votes the term is no longer used. The FDP recommendations, adopted with two dissenting votes and four abstentions, expressly state that the crisis area criterion has outlived its usefulness in view of the worldwide security-political complexities and tensions. Both the SPD and the FDP recommendations agree that the criterion should be replaced by consideration of the foreign policy and security policy interests of the FRG and of NATO as well as the internal situation in the country concerned. If the government adopts this view—as it is sure to do—it will be in a position to ship arms to crisis areas in the future—but only,

as the FDP proposes, if it can thereby contribute to "maintaining peace under the guidelines of the laws on the control of weapons of war."

Both fractions devote much attention to questions arising in connection with arms projects undertaken jointly with other members of the alliance, since all of the FRG's partners concerned are themselves interested in expanding exports, including those of arms. This applies to France, England, Italy and the United States in equal measure. If the FRG insisted upon having its own restrictive guidelines extended to military equipment developed and produced with German participation, then the FRG would to all intents and purposes have to forgo cooperative arms production ventures. In making their recommendations, the fractions took this circumstance into account. In the case of joint production, the SPD document states, the FRG government should work out a "consultation process" in time "which enables us to do justice to the political aspects of our arms export goals." The FDP says that the government should reserve the right in the case of joint production projects "to oppose certain export plans by the cooperation partner by consulting with him and thereby to realize its own arms export goals." Both fractions restrict themselves to asking for consultation and not for the right to veto exports. Both parties also urge that unequivocal guidelines be set to determine the ultimate destination of arms exports so as to prevent their resale which might have them reach countries the FRG does not wish to supply.

The main difference between the two fractions is the FDP call for the creation of a parliamentary body consisting of at least two members of each fraction represented in the Bundestag that would have to be consulted about any export plans prior to the federal security council's reaching a decision in the matter. The SPD did not issue such a call but instead restricted itself to recommending that the government "consult with representatives of the German Bundestag" prior to decisions by the federal security council.

The government is known to have reservations about creating such a parliamentary committee. But it stands ready to invite the fraction chairmen of the parties represented in the Bundestag as well as one expert from each of the fractions to participate in the meetings of the security council and to have them attend for as long as arms export issues are discussed. The parliamentarians would also be able to ask questions and to make statements of their own. The participation of parliamentary representatives in the actual decisions was never discussed, nor was it ever considered by the fractions, since this is viewed as undue interference and as an infringement of the powers reserved to the executive and as such repudiated.

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POLL SHOWS PORTUGUESE PESSIMISTIC ABOUT FUTURE

Lisbon O JORNAL in Portuguese 19 Feb 82 p 5

[Text] In 6 months, the number of citizens pessimistic about living conditions in Portugal this year has increased by 18 percent. According to the Contagem survey made in November and December, published exclusively in O JORNAL, almost half of the population on the continent thought then that the situation would worsen in 1982.

"The social groups affected by problems of an economic nature are ever larger," the experts who analyzed the answers given by the 2,011 persons interviewed concluded.

The poll showed that there was a clear increase in the number of individuals with a definite opinion about the general situation in the country between May and November, and that this increase was seen particularly in the more negative opinion groups: the percentage of those who believed living conditions would deteriorate increased from 31 percent in May to 49 percent in November.

In the islands, where 799 persons were polled, expectations were more positive in July than those of citizens on the continent in May, at which point the immediate prospects did not show such an unfavorable trend. The situation seemed better then in the Azores than in the Madeiras, where a large number of persons offered "no opinion." According to the Contagem analysis, the results obtained were not surprising "if we bear in mind that the cultural and socioeconomic levels which characterize the population of the Madeira Archipelago are rather low."

Breakdown by Age and Sociocultural Group

A sectorial analysis of the indices obtained on the continent shows that at the end of 1981, it was the residents of the districts of Lisbon, Oporto, Setubal and Evora-Beja who were most pessimistic as to developments in the near future.

All of those polled were asked the question: "Do you believe that living conditions in our country will improve, will remain the same, or will

worsen in the coming year?" The "will worsen" option was chosen by 49 percent of those polled on the continent, 33 percent in the Azores and 34 percent in the Madeiras. However the national percentage showed substantial variations, with larger percentages, especially in Lisbon (58 percent answered "will worsen") and Alentejo (59 percent).

In comparison to the average for the islands, the "pessimism index" for Funchal was particularly notable (47 percent). In the Azores, it was in Horta that the largest number (42 percent) of the answers indicated that "living conditions will deteriorate."

As can be seen in the table headed "The Most Pessimistic Groups," the citizens living in municipalities with higher levels of development and those belonging to groups with higher sociocultural levels have the gloomiest view of the future. For example, by area of residence, it is the inhabitants of Lisbon who were most pessimistic, and by cultural and socioeconomic level, the most pessimistic views were expressed by those in the liberal professions and higher management.

On the other hand, the citizens in the districts of Vila Real, Bragança, Guarda, Viseu, Santarém and Portalegre appeared less concerned about developments in the country. More people thought that things would remain the same than foresaw a deterioration in living conditions.

Passive or Disillusioned Youth

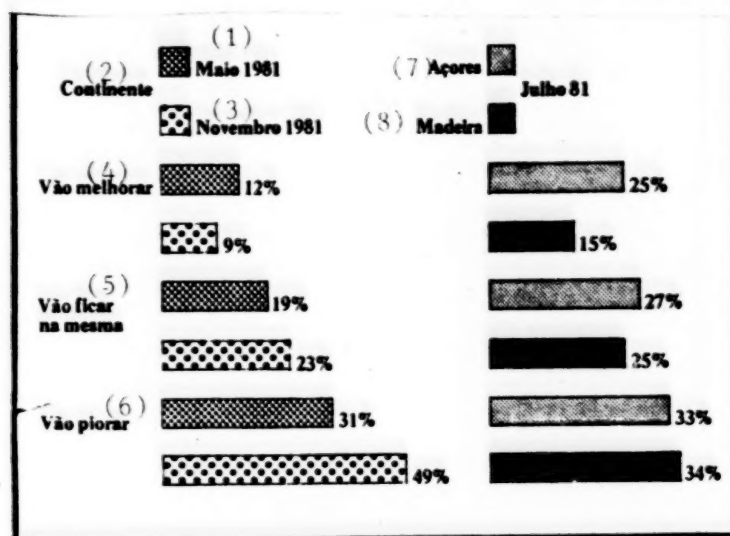
But there were other variable demographic factors of equal importance for an understanding of the widespread pessimism, which might to have more concrete results, in the realm of electoral choices, among other things.

It should be noted, however, that men and women did not differ much in their view of the conditions of future life, either domestically or more generally.

And while individuals between 25 and 34 years of age comprise a group whose pessimism surpasses the national average, students, and more generally young people between 15 and 20 years of age, showed a rather passive attitude, as the technicians who undertook the analysis of the poll stressed. While 23 percent of all the individuals polled said that living conditions in the country "would remain the same," the number of young people between 20 and 25 years of age expressing that view came to 34 percent, and in the student group, 36 percent. The analysts asked the following questions about the reasons: "Does this reflect a situation of considerable disillusionment already? Or again is it unawareness of what practical life can or might be like?"

For 90 percent of the population, then, there is no expectation of better days. The national average for optimism is only exceeded, and only by four points, in Faro, Leiria, Coimbra and Castelo Branco, where 13 percent of the people appear to believe that the situation in the country will improve.

Probable Development of Conditions of Life
 Question: Do you believe that living conditions
 will improve, remain the same or worsen in 1982?



Key: (1) May (6) Will worsen
 (2) Continent (7) Azores
 (3) November (8) July
 (4) Will improve (9) Madeira Islands
 (5) Will remain the same

Expectations by District

	Total	Lisbon	Porto	Sorobal	Faro	Viana Duque Avelar	Vila Real Bragança Guarda Viana	Lisbon Cabo Castelo Bomfim	Santarém	Évora Beja
Total	2011	459	319	142	93	309	225	243	136	86
As condições de vida vão melhorar (2)	9	7	9	8	13	7	8	13	9	7
ficar na mesma (4)	23	19	18	29	28	16	36	29	35	23
piorar (5)	49	58	54	52	41	51	34	44	28	59

Key: (1) Lisbon
 (2) Conditions of life will:
 (3) Improve
 (4) Remain the same
 (5) Deteriorate

The Most Pessimistic Groups
(on the continent)



- Key: (1) City of Lisbon
 (2) Greater Lisbon
 (3) Highest municipal levels of development
 (4) Highest purchasing power indices
 (5) Individuals with higher education
 (6) Liberal professions and upper management
 (7) Skilled workers
 (8) 25-34 year age groups.

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